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Japan

Summit Seen Testing Murayama's Leadership

OW0707135094 Tokyo KYODO in English 1332 GMT
7 Jul 94

[By Keiji Urakami]

[Text] Naples, July 7 KYODO—Japanese Prime Minister Tomiichi Murayama will make his international political debut Friday [8 July] at the G-7 summit, in a test of his leadership over a mountain of internationally significant domestic issues and growing global concern over the socialist-led Japanese Government.

Murayama, who arrived in this Italian port city Wednesday, devoted most of Thursday to preparation for the three-day Naples summit of the Group of Seven leading industrialized nations, which starts Friday.

"I will explain Japan's stance on key issues in plain language," Murayama said, according to Japanese Government officials.

"That will help Japan win international understanding," Murayama said at the Excelsior Hotel in Naples where he and other members of the Japanese delegation are staying.

The creation of a government headed by the Social Democratic Party (SDP) leader has spawned international concern over the future course of Japan's political and economic leadership.

During a flight to Naples on Wednesday, Murayama said he will "frankly" explain Japan's position to his G-7 colleagues to help establish personal ties and reinforce global confidence in Japan.

Apparently in order to be well prepared for the Naples summit, Murayama did not set any official engagements for Thursday, except a visit to the fountain of Carciofo, a sightseeing spot in Naples.

Murayama, who took the helm of Japan's premiership about a week ago, became the first socialist prime minister in Japan in 47 years.

Meeting with his G-7 colleagues, Murayama will pledge anew Japan's diplomatic continuity under the new coalition government, an alliance of his socialist party with its longtime ideological foe, the Liberal Democratic Party (LDP).

Murayama will also clarify a plan to introduce multiyear tax cuts and boost the scale of spending on 10-year public works projects from 1991 from the original target of 430 trillion yen, both as efforts to expand domestic demand and eventually reduce Japan's mammoth trade surplus.

But a Japanese Government spokesman said earlier Japan will avoid indicating specifics on these plans, including the timing of proposed consumption tax hikes

to finance the planned tax cuts and the newly revised scale of public works projects.

An economic declaration to be issued on the second day of the Naples summit Saturday is expected to focus on how to restore calm to the turbulent currency markets, overshadowing growth and employment, the chief topics on the economic agenda for the Naples summit.

Discussions on the currency markets are expected to center around the recent proposal by U.S. Treasury Secretary Lloyd Bentsen for beefing up G-7 policy coordination for currency stabilization.

Japanese Government sources in Naples said Wednesday Bentsen will urge G-7 leaders to reinforce international currency policy coordination through such steps as tougher regulation of monetary transactions and multilateral surveillance of currency policy.

Japan will also unveil a plan to put up about 20 million dollars to finance part of a 1.55 billion dollar G-7 package to be announced at the summit for Ukraine to help ensure the safety of its outmoded nuclear power plants.

The 1.55 billion dollar aid will be provided over five years to help complete three nuclear power reactors now under construction in the former Soviet republic and shut down two reactors still in operation at the Chernobyl power plant even after the explosion of a reactor there in 1986.

Whether or not concrete figures for the proposed aid program will be included in the economic declaration has yet to be decided, the sources said.

Murayama will also announce Japan's decision to furnish 1.3 billion dollars in economic assistance to smooth South Africa's efforts to shift toward democracy.

Before the start of the G-7 summit, Murayama will meet with U.S. President Bill Clinton.

But Japanese officials said they are unlikely to go into the specifics of bilateral issues.

In what will be a get-acquainted session for the pair, the meeting is designed to build mutual confidence, with Murayama assuring Clinton of Tokyo's policy of maintaining mutual security under the Japan-U.S. Security Treaty, the officials said.

On Thursday, Murayama said, "everybody in Japan seems to be very concerned about the fate of my cabinet."

"But remember that the Murayama cabinet is a stable majority government, not a minority government as in the previous administration," Murayama said.

Muruyama-Clinton Talk Disappoints Market Players*OW0807140594 Tokyo KYODO in English 1356 GMT 8 Jul 94*

[Text] Tokyo, July 8 KYODO—Currency market players in Japan expressed disappointment Friday [8 July] at what they judged to be low-key remarks by U.S. President Bill Clinton about the dollar's decline.

"We want the dollar to be properly valued, not undervalued," Clinton said at a joint news conference with Japanese Prime Minister Tomiichi Murayama after their bilateral meeting in Naples.

Saying the remark lacks substance, a trader at a commercial bank said, "lip service alone will not halt the dollar's fall."

Many market players said the U.S. currency will succumb to selling pressure if the United States does not divulge some specific ways to rectify the dollar's decline at the Group of Seven (G-7) summit which opens in Naples later in the day and ends Sunday.

They also predicted the dollar will hit a new postwar global record low against other key currencies next week and beyond.

The dollar momentarily skidded to a record low of 97.68 yen on July 1.

The dollar gradually dropped against the German mark and other major currencies due to speculative selling pressure against the U.S. currency.

On Friday in Tokyo, the dollar ended the week at 98.53 yen, down 0.52 yen from Thursday's closing rate of 99.05 yen.

Growers Demand Halt to U.S. Apple Imports*OW0807042794 Tokyo KYODO in English 0401 GMT 8 Jul 94*

[Text] Tokyo, July 8 KYODO—Apple growers in Japan are opposing imports of American apples on the grounds that methyl bromide used to fumigate the fruit poses a threat to the ozone layer, industry sources said Friday [8 July].

At public hearings held by the Ministry of Agriculture, Forestry and Fisheries that were due to conclude Friday, apple producers from Iwate and Nagano Prefectures called for a halt to the import of U.S. apples due in autumn.

The mandatory use of methyl bromide was "out of step" with current trends, they said. Under Japanese regulations the fruit must be fumigated with methyl bromide to stave off codling moth. Methyl bromide, however, is known to damage the ozone layer once it reaches the stratosphere, where it releases bromine.

Although restrictions were placed on its use at the 1990 Montreal Convention to save the ozone, they did not extend to quarantine. In the absence of an alternative methyl bromide is still used. The United States, however, has decided to end production of the gas by 2000.

A spokeswoman for the Consumers' Union of Japan, who did not attend the hearings because the union is dissatisfied over the methods used for choosing witnesses, said consumers do not want to eat apples which have harmful methyl bromide in them. "And they don't want to eat foreign apples if they are going to damage the ozone layer," she added.

Majority Oppose U.S. Apple Imports*OW0807142094 Tokyo KYODO in English 1127 GMT 8 Jul 94*

[Text] Tokyo, July 8 KYODO—A series of government-sponsored public hearings on the import of U.S. apples ended Friday [8 Jul] after 90 percent of the speakers expressed opposition to a government plan to remove restrictions on the import this autumn.

The Agriculture, Forestry and Fisheries Ministry plans to allow U.S. apple imports by revising a ministry ordinance which restricts the imports.

The two-day hearing, sponsored by the ministry, ended Friday after 110 speakers, including apple farmers, importers and retailers, expressed their views on the issue.

Apple farmers from Aomori and Nagano Prefectures expressed opposition to the apple import, citing an "incomplete quarantine system" and other problems.

Importers and retailers supported the government plan, which they said would benefit consumers.

U.S. Insurance Firm To Operate in Japanese Market*OW0807035994 Tokyo KYODO in English 0335 GMT 8 Jul 94*

[Text] Tokyo, July 8 KYODO—In a move to open the insurance industry to foreign firms, the Ministry of Finance [MOF] said Friday [8 July] it will allow the Japanese arm of the American firm, Unum Corp., to operate in Japan.

Unum Japan Accident Insurance Co., set up in Tokyo with a capital of 3 billion yen, is a wholly owned affiliate of Unum Corp., based in Portland, Maine.

Ministry officials said the U.S. firm will become the fourth foreign nonlife insurance company to set up business in Japan. Unum Japan will begin offering casualty and labor insurance after October.

U.S., Japan To Agree on Currency Stabilization

OW0707232194 Tokyo KYODO in English 2305 GMT
7 Jul 94

[Text] Naples, July 7 KYODO—Japan and the United States will agree on the need for currency stabilization during a meeting of their finance ministers Friday morning, a senior Japanese Finance Ministry official said Thursday.

Japanese Finance Minister Masayoshi Takemura and U.S. Treasury Secretary Lloyd Bentsen are likely to share the view that rapid currency rate fluctuations are undesirable for the global economy, the official told reporters in Naples on condition of anonymity. But such a view does not lead to a change in key interest rates in the U.S. and Germany, the official said.

The U.S. and Germany do not feel like "touching" on their key rates for now, the official said, noting both countries kept their key interest rates unchanged at the recent meetings of their monetary authorities.

The Takemura-Bentsen meeting will be held early Friday morning as a prelude for a meeting between Prime Minister Tomiichi Murayama and U.S. President Bill Clinton.

Takemura will likely tell Bentsen that Japan will introduce a multiyear tax cut as part of efforts to expand domestic demand, the official said. But the finance minister will add there should be at least three years before hiking the 3 percent consumption tax in order to finance the planned multiyear tax reduction, the official said.

On the bilateral "framework" talks, Takemura and Bentsen will pledge mutual efforts for an early conclusion of the talks to establish a new economic and trade framework between the two countries, the official said.

Japan and the U.S. were not able to conclude the framework talks before the summit, but the official said both countries are close to finalizing the talks.

Higher U.S. Rates Urged To Boost Dollar

OW0807111894 Tokyo KYODO in English 1049 GMT
8 Jul 94

[Text] Tokyo, July 8 KYODO—Japan's key economic planner on Friday [8 July] called for a hike in U.S. interest rates to bolster the beleaguered dollar.

Tsutomu Tanaka, vice minister of the Economic Planning Agency (EPA), told a news conference that it is "desirable for U.S. interest rates to be hiked," noting worries over inflation in the United States.

Tanaka said a further increase in the yen's value against the dollar will aggravate the bilateral current account balance, now heavily in favor of Japan.

"A further rise of the yen will result in the J-curve effect," he said, referring to the situation in which an appreciation of a country's currency will temporarily boost the value of that country's exports.

Usually, a higher currency will eventually dampen exports by increasing prices for overseas buyers, he said.

A strong yen, he said, will also encourage Japanese companies to do more business outside Japan, which in turn will deprive Japanese industry of new jobs and investment opportunities.

"This would put a drag on the Japanese economy," he said.

Tanaka said the U.S. economy has been growing at faster pace than it could manage over the past two and a half years. "Therefore, it is natural that concerns of inflation have arisen," he said.

As a means of shoring up the dollar, the EPA official suggested concerted intervention by major economic powers, changes in economic structure both in Japan and the U.S., as well as a boost in U.S. interest rates.

Japanese, U.S. Businessmen To Meet in Tokyo

OW0807072294 Tokyo KYODO in English 0704 GMT
8 Jul 94

[Text] Tokyo, July 8 KYODO—Business leaders from Japan and the United States will attend a three-day session in Tokyo beginning Sunday to discuss ways to correct bilateral trade imbalance and open wider the Japanese market to imports, organizers reported Friday [8 July].

Attending the meeting, the 31st session of the Japan-U.S. Businessmen's Conference, will be about 60 Japanese representatives led by Yotaro Kobayashi, chairman of Fuji Xerox Co., and a 40-member U.S. delegation headed by Joseph T. Gorman, chairman of TRW Inc.

The organizers said the main topics of discussion will be measures to secure greater access to Japanese markets for imports, correct bilateral trade imbalance and industrial cooperation between the two countries.

They said foreign exchange issues stemming from the yen's steep appreciation against the dollar will also be discussed.

Kobayashi said in a recent interview with KYODO NEWS SERVICE that U.S. attention is focused on issues of market access, trade imbalance and the strong yen.

He said a special task force will be formed to set criteria to measure progress of economic deregulation and market opening in Japan.

Aid for South Africa, Palestine Announced

AU0707190294 Paris AFP in English 1803 GMT
7 Jul 94

[Text] Naples, Italy, July 7 (AFP)—Japan is to extend a \$1.3 billion aid package to South Africa, Japanese Foreign Ministry spokesman Terusuke Terada said here Thursday [7 July] on the eve of a Group of Seven (G-7) summit.

He said the aid would comprise \$500 million in trade credits and guarantees, an import-export bank loan of \$500 million and development aid of \$300 million.

Terada also said that Japan was to give \$3 million towards United Nations aid missions in Rwanda.

He added that Tokyo was giving \$25 million to the Palestinian authorities for administrative expenses involved in running the newly autonomous Palestinian regions of Gaza and Jericho.

Automakers Signal Change in Policy Toward PRC

OW0807134894 Tokyo KYODO in English 1213 GMT
8 Jul 94

[By Isao Ikariya]

[Text] Tokyo, July 8 KYODO—Japanese automakers, long behind their U.S. and European rivals in the race to enter the Chinese market, are gearing up efforts to sink roots into the last major virgin auto market in step with a change in Chinese policy.

The latest attempt came this week as senior government and auto industry officials from Tokyo and Beijing got together in Tokyo to discuss bilateral cooperation in nurturing China's budding auto industry.

The five-day forum that ended Friday focused on China's new auto industry policy published earlier this week, prompting Japanese participants to ask for detailed information.

The new policy aims to consolidate China's more than 120 automakers into three or four major manufacturers by the year 2010 so that its auto industry can be internationally competitive with export capacity.

"This year's forum was timely to get information about China's new policy," said Tatsuro Toyoda, chairman of the Japan Automobile Manufacturers Association, at a joint news conference with Chinese officials after the forum.

"On the part of the Japanese industry, we hope to make more efforts to meet Chinese expectations," said Toyoda, also president of Toyota Motor Corp.

The Chinese side for its part looks eager to sell the new policy to lure Japanese investment.

"We hope an understanding of the new policy will encourage Japanese cooperation and joint ventures,"

said Zhang Renqi, director of the State Planning Commission's Department of Machine-Building and Electronics.

The new Chinese policy replaces the past one under which Beijing set the target of leading the industry into "three big, three small and two miniatures," while paving the way for new foreign factories under certain conditions after the end of 1995.

Eight foreign makers are involved in the three major, the three small and two miniatures policy, of which only three are Japanese. No major Japanese firms such as Toyota and Nissan Motor Co. are involved.

"The three big and three small policy was a policy in a (past) stage. In our new policy, we never use the words three big and three small," said Chen Bin, deputy director of the State Planning Commission's Department of Machine-Building and Electronics.

China has now put a ban on any new projects involving foreign firms for auto manufacturing, but the ban expires at the end of 1995.

Under the new policy, auto and engine makers, including joint ventures with foreign concerns, should turn out at least 150,000 cars with engines smaller than 1600 cc a year and foreign ownership in joint ventures is limited to less than 50 percent. A high local content is also required.

"There are no companies (including Chinese firms) that meet such conditions at present, but I expect some companies to meet them by the end of 1995 through mergers and other measures," Chen said at the news conference.

At this year's bilateral auto industry cooperation forum, the second of its kind, no specific business deals were reported except one involving Honda Motor Co. and China's biggest automaker for a parts manufacturing joint venture.

But Japanese industry officials said Japanese technology and money are a must for China's new policy to succeed because China needs to nurture auto parts manufacturers first, before those that will assemble the autos.

The 60 or so Japanese auto parts makers that took part in the forum saw it as a stepping stone to getting into the Chinese market.

A recent survey by the Japan auto parts industries association provides clear evidence that the parts makers are eyeing China.

The survey involving 142 companies found about 100 firms are strongly interested in China, with 35 percent saying they either already have an operation in China or are conducting a feasibility study for a project.

The new Chinese policy, if implemented successfully, could make the Chinese auto industry a rival to the Japanese as the aim is to make Chinese autos internationally competitive.

"We will have to think of it in the future," Toyoda said when asked after the news conference if he is worried about the possibility of China developing into a key auto exporter.

The Japanese and Chinese officials agreed to hold the next forum in Beijing sometime next year.

JETRO To Target New Exporters With Osaka Center

OW0807141794 Tokyo KYODO in English 0944 GMT 8 Jul 94

[Text] Osaka, July 8 KYODO—The Japan External Trade Organization (JETRO) said Friday [8 Jul] it is opening an import promotion center in Osaka targeting first-time overseas exporters to Japan.

Companies and business executives entering the Japanese market for the first time will be given priority at the center, to open Monday in the Asia and Pacific Trade Center in Osaka, the organization said.

The business support center will provide up to two months of free office space and advice, such as details on Japanese business practices, to those entering the market, JETRO said.

Foreign governmental trade organizations can receive aid in hosting business negotiations and free office use for six months, the organization said.

The Osaka center, which follows similar centers in Tokyo, Nagoya and Yokohama, covers some 550 square meters, second in size to the Tokyo center, JETRO said.

The area expects Asian economic relations to expand with the opening of Kansai International Airport on a man-made island in Osaka bay in September.

Harassment of Korean Schoolgirls 'Increased'

OW0807045294 Tokyo NHK General Television Network in Japanese 1017 GMT 7 Jul 94

[Announcer-read report over video; from "NHK News 7" program]

[Excerpt] A chain of harassment incidents involving Korean schoolgirls has occurred and in the incidents schoolgirls have been pelted with stones and their traditional Korean clothing has been torn by knives.

Reporter Fujita with the NHK News Department covers how the Korean schoolgirls are reacting to the harassment:

[Begin recording of unidentified Korean schoolgirl] I heard a Japanese abruptly shouting at me behind my

back "You bastard Korean girl!" and then I found my skirt being torn by a 15cm knife [end recording].

A group of Japanese women today visited the Tokyo Korean Junior and High School in Kita Ward, Tokyo, and Korean schoolgirls explained to them how they have been harassed by some Japanese.

[Begin recording of unidentified Japanese woman] I feel really ashamed that some Japanese have harassed these innocent Korean schoolgirls. We should be ashamed of our failure to educate those Japanese properly. [end recording]

A total of 1,300 junior and high school students are studying at this school. All schoolgirls are wearing chima-chokori [traditional Korean women's clothing]. According to the school, the harassment of Korean schoolgirls has increased since April this year when the Japanese news media began widely reporting North Korea's suspected development of nuclear weapons. [passage omitted detailing complaints by Korean schoolgirls].

Extra Diet Session May Open in Early Sep

OW0807142794 Tokyo KYODO in English 1347 GMT 8 Jul 94

[Text] Tokyo, July 8 KYODO—The cabinet may convene an extraordinary Diet session in early September to discuss a bill for new electoral districts for the House of Representatives, a high-ranking official of the Social Democratic Party (SDP) said Friday [8 July].

The ruling coalition of the SDP, the Liberal Democratic Party (LDP) and new party Sakigake [Harbinger] agreed Monday to convene a five-day extraordinary Diet session July 18 to hear Prime Minister Tomiichi Murayama's inaugural policy speech.

The bill for new constituencies, however, will be discussed during the next session to begin in September after a government panel submits its recommendations on the redrawing of the electoral map, said the official, who requested anonymity.

The opposition camp has demanded that the lower house's budget committee be convened during the July session, but the ruling camp will not agree, the official said.

A package of political reform bills, including sweeping change in the lower house electoral system, was enacted in January, but it will not take effect until the locations of new constituencies are set.

The new electoral system, with 300 members from single-seat constituencies and 200 others from proportional representation, will replace the current multiseat constituencies for the 511-member lower house.

Nakasone, Watanabe To Resign LDP Party Posts
OW0807052494 Tokyo KYODO in English 0519 GMT 8 Jul 94

[Text] Tokyo, July 8 KYODO—Former Prime Minister Yasuhiro Nakasone and former Foreign Minister Michio Watanabe offered Friday [8 July] to resign from their posts of the Liberal Democratic Party (LDP) for defying party leadership instruction in the prime ministerial election, party sources said.

Nakasone and Watanabe are among some 20 House of Representatives members of the LDP who voted for former Prime Minister Toshiki Kaifu on June 29, instead of Social Democratic Party [Social Democratic Party of Japan—SDPJ] leader Tomiichi Murayama as instructed.

Nakasone offered to resign as a top adviser. He conveyed the offer to the party leadership through Koko Sato, a senior official of the faction led by Watanabe, the sources said. Former prime ministers and former Diet heads assume the posts of top advisers.

Watanabe, who currently heads the party's Foreign Affairs Research Commission, met LDP Vice President Keizo Obuchi and Secretary General Yoshiro Mori and conveyed his decision. Obuchi and Mori accepted their resignation offers, the sources said. The party leadership plans to ask the party Ethics Committee not to punish Nakasone and Watanabe, the sources said.

Coalition's Policy-Making Mechanism in Operation

OW0807141994 Tokyo KYODO in English 1123 GMT 8 Jul 94

[Text] Tokyo, July 8 KYODO—The ruling coalition set its new policy-making vehicle in motion Friday [8 Jul] in a major test of the political viability of the leftist-conservative cohabitation.

The three coalition partners, the Liberal Democratic Party (LDP), the Social Democratic Party [of Japan] (SDP) [SDPJ], and the New Party Sakigake [Harbinger], held the first meetings of their policy-coordination and party executive panels, party officials said.

The panels are part of the system that the coalition has set up to promote "highly democratic and transparent" policy-making and avoid behind-the-scenes maneuvers that caused the former ruling coalition to tumble.

In the day's meeting, the policy-coordination panel set up a special task force on policy adjustments for budgetary requests for fiscal 1995, which starts April 1.

The three parties also launched an issue-oriented policy coordination grouping to tackle such urging topics as tax and administrative reforms, welfare and farm problems, and the yen's renewed appreciation.

The policy-coordination panel will be chaired jointly by LDP Policy Affairs Research Council Chairman Koichi Kato, SDPJ Policy Board Chairman Nobuyuki Sekiyama, and Sakigake Policy Affairs Research Council Chairman Naoto Kan, with one of them serving as the presiding chairman alternately for two months.

The LDP also plans to seek similar policy coordination meetings for defense and security issues.

The party executive meeting will be chaired alternately by the LDP's Takashi Fukaya, the SDPJ's Churyo Morii, and Sakigake's Kisaburo Taki.

The executive meeting, where decisions should be agreed unanimously, will be opened to all members of the three parties.

"We want the discussions at the meeting quite open because we have heard a lot of criticism that the decision-making process within the former ruling coalition was undemocratic and surreptitious," said Morii of the SDPJ.

'Rengo' To Launch Policy Forum With Lawmakers

OW0707154094 Tokyo KYODO in English 1520 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—Japan's largest labor union organization will launch a policy study forum with lawmakers and scholars July 19, organizers said Thursday [7 July].

A preparation committee for the forum organized by the Japanese Trade Union Confederation (Rengo) held its last meeting the same day and set the date for the forum.

The committee has called on 394 Diet members excluding those of the Liberal Democratic Party (LDP) and the Japanese Communist Party, to join the forum, and 84 have responded to the call so far, the organizers said.

The number of participants is expected to increase, they said.

National Land To Be Sold for Residential Use

OW0707152794 Tokyo KYODO in English 1510 GMT 7 Jul 94

[Text] Tokyo, July 7 KYODO—The Finance Ministry decided Thursday [7 July] to introduce a new system under which it sells real estate, paid in kind of inheritance taxes, to individuals for residential use at prices it will determine without holding an auction, ministry officials said.

As a first step, the ministry will accept applications for 22 lots in the Tokyo metropolitan area on and after July 19 and decide on the buyers in August, the officials said.

The scheme is aimed at preventing sharp rises in prices of land and stably offering the quickly increasing amount of land paid in kind for residential sites, they said. The plan also aims to increase national revenue under tight financial conditions by promoting sales of state-owned land, they said.

The ministry has refrained from auctioning for much of such land out of concern that it might rekindle land price inflation, they said.

Meanwhile, state revenue for fiscal 1993, ended March 31, is expected to be less than the budgeted amount, posting a shortfall for the second consecutive year for the first time since the end of World War II, they said.

People are allowed to pay their inheritance taxes by land or buildings only in cases where cash payments are difficult.

On the back of rapid rises in land prices during the "bubble" economy and the current economic slowdown, payment in kind has quickly increased since 1990. Applications for such payment totaled about 10,400 cases worth some 1.1 trillion yen nationwide in fiscal 1993, the officials said.

The ministry has so far decided on sales prices for land and buildings paid in kind through auctions, but many local governments have voiced opposition, saying the system can push up prices, they said.

Consequently, only about 30 lots were released through auctions during fiscal 1993, although sales at bid prices were resumed last year in surveillance areas, they said.

Under the new system, national land of less than 300 square meters and state-owned buildings with floor space of less than 200 square meters will be sold at prevailing prices after taking into account of publicly announced prices and actual deals in a neighborhood, they said.

If there are more than one applications for one site or building, the buyer will be determined by lot, they said.

Under the new plan, about 600 sites in the Tokyo metropolitan area will be sold, out of some 1,600 properties paid in kind for inheritance taxes worth some 425 billion yen from fiscal 1991-1993, they said.

North Korea

Commentary on Planned N-S Summit Continues

Visiting Cuban Lawyer Interviewed

SK0807100494 Pyongyang Korean Central
Broadcasting Network in Korean 2100 GMT 7 Jul 94

[Text] (Candelaria Rodriguez), a Cuban woman lawyer, who is on a visit to our country, held an interview with a KCNA reporter on 6 July in connection with the holding of the North-South top-level talks.

She said she was very glad to see the realization of the North-South top-level talks in Pyongyang. She continued to say: This historic news has been arousing broad repercussions among the world's progressive people as well as the Korean people. The Korean people, who have lived as one nation in the same land, have been suffering from the division for nearly half a century due to outside forces' maneuverings. What such people are waiting impatiently for is to pull down the barrier of division and to be reunified as one. Even though I am a foreigner, my heart is going pit-a-pat with excitement upon hearing the news about the holding of the historic North-South top-level talks which have a good prospect for the realization of such a national long-cherished desire.

Since the end of the Korean war, I have visited your country several times. In the course of these visits, I have come to have a clear understanding as to who is sincerely wishing for reunification and who is putting forth his whole energy to such a sacred cause.

Only the great leader Comrade Kim Il-song has been devoting everything to the realization of the country-men's long-cherished desire at an early date, while he feels most grieved over pain of his countrymen.

Since the country was divided by outside forces, the great leader has put forth various reasonable and above-board proposals, while caring so much about the independent and peaceful reunification of Korea. He has taken various possible measures for the South Korean people, not forgetting them even for a moment.

The holding of the North-South top-level talks is a shining fruition of the ideas of loving the country and people—the ideas of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

The great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il have provided a momentum for a great new national history to help turn the almost half-century history of antagonism and confrontation into a history of grand national unity, and the history of division into a history of reunification, with their outstanding wisdom and extraordinary leadership of changing adversity into prosperity. This event was given birth to thanks to the manifestation of the noble mien of popular leaders [suryong] who find joy in giving priority to the interests of the country and countrymen while being limitlessly broad-minded to have dialogue with anyone for the cause of the country's reunification.

As the river still continues to flow even under the ice, no one will ever be able to break the Korean people's will for reunification and Korea will surely be reunified as one.

Foreign Party Officials Comment

SK0807115694 Pyongyang KCNA in English 1007
GMT 8 Jul 94

[Text] Pyongyang, July 8 (KCNA)—Belgian and Nicaraguan party leaders welcomed the expected inter-Korean top-level talks.

Ludo Martens, chairman of the Central Committee of the Belgian Labour Party, told KCNA in Pyongyang on July 4 that his party warmly welcomes the opening of the North-South top-level talks which will be recorded in Korean national history as a special event.

"I sincerely hope that the inter-Korean summit will be held successfully and produce a fine agreement and a progress be made in its implementation," he said, and stressed:

"If Korea is reunified independently and peacefully, it will be greatly conducive to the world peace and security."

Gustavo Tablada, chairman of the Nicaraguan Socialist Party, when he received the DPRK ambassador to Nicaragua on June 29, said that the expected North-South top-level talks will, indeed, be a historical event of great importance in achieving the independent and peaceful reunification of Korea.

South Defense Minister Criticized

SK0807042994 *Pyongyang KCNA in English 0417 GMT 8 Jul 94*

["Improper Words Marring Atmosphere of Talks"—KCNA headline]

[Text] Pyongyang, July 8 (KCNA)—The South Korean "defence minister," Yi Pyong-tae, blared at the "plenary meeting of the extraordinary National Assembly session" on July 5 that the South "is continuously promoting the deployment of quick deterrent forces and reinforcements" to cope with "the North's provocation against the South", according to a radio report from Seoul.

The balderdash of Yi Pyong-tae in groundlessly finding faults with the North on false charges of "provocation against the South" cannot be construed otherwise than a manifestation of the sinister intention to obstruct the North-South top-level talks which are on the order of the day, feeling displeased with them.

After agreeing to the opening of an inter-Korean summit, the South Korean authorities, in fact, continue acts getting on the nerve the dialogue partner, slandering and insulting it.

The improper remarks of the South Korean authorities seriously contradicting the points of agreement between the sides make us doubt about their will for dialogue.

The South Korean authorities must stop words and deeds spoiling the atmosphere of talks.

'Deliberate' Acts Harm Atmosphere

SK0807134794 *Pyongyang Korean Central Broadcasting Network in Korean 1220 GMT 8 Jul 94*

[Commentary by Yun Pyong-son: "Acts That Harm [haechinun] the Atmosphere of Dialogue"]

[Text] Unfavorable [chochiannun] acts that cloud [hurigeahanun] the atmosphere of dialogue have continuously taken place in South Korea.

As has already been reported, the South Korean bellicose elements brought a 90-mm recoilless gun and 12.7-mm large-caliber machine guns to a military police guardpost inside the DMZ south of Komsa-ri, Chorwon County, on the central section of the frontline, an area near us, on 6 July. They also mobilized armed bandits to install the recoilless gun and the large-caliber machine guns at combat posts in broad daylight and took positions to fire pinpoint shots. In this way they seriously incited us and gravely threatened the personal safety of People's Army soldiers.

Also on that day, approximately 200 armed bandits who had been frantically conducting a war exercise after bringing TOW missiles to the southern boundary of the DMZ sneaked into the DMZ and prowled about recklessly, thus inspiring an atmosphere of war.

The South Korean bellicose elements brought a total of approximately 2,500 armed bandits and approximately 800 military vehicles into the DMZ from 1 to 6 July.

Indications that are inappropriate to the atmosphere of talks were seen not only in all areas of the DMZ but also among the South Korean rulers.

During the 5 July full meeting of the special parliamentary session, South Korean Defense Minister Yi Pyong-tae said that the South continuously pursued the deployment of rapid deterrent forces [sinsok okche chollyok] and reinforcement forces [chungwon chollyok] in preparations against the North's provocation against the South. Furthermore, Foreign Minister Han Sung-chu babbled that the third round of DPRK-U.S. talks and the North-South top-level talks are the last chances for resolving our nuclear issue, adding that if the North pursues nuclear development, the international community will seek to take powerful countermeasures again.

These acts cannot be construed otherwise than as deliberate maneuvers to cloud the atmosphere of the North-South top-level talks.

People at home and abroad unanimously hope that the North-South top-level talks, which will take place for the first time after national division, will be held smoothly and, thus, open a new turning point in peace in the country and its peaceful reunification.

If the North-South top-level talks are to be held successfully in conformity with the expectation and aspiration of the people at home and abroad, a good mood should be created from now. In fact, the dialogue mood had been spoiled in past North-South relations and there had been quite a few cases in which dialogue under way had been suspended in a flash and returned to the starting point. This is why the two sides of the North and the South agreed this time not to do anything that would spoil the atmosphere for the talks.

Laying the agreement aside, the South Korean authorities are trying to harm the atmosphere for the talks by making it their business to agitate the dialogue partner through insidious remarks and acts and provocative maneuvers. We cannot but ask if they really have the will to carry on dialogue.

The South side says good things at the front and turns around to do something different. Such vacillating acts show that its anachronistic confrontation policy has not changed a bit. As everyone knows, the confrontation policy only brings about war. Confrontation cannot solve the problem. It is a serious lesson taught by the history of division that has continued for the past 50 years.

However, the South side cannot be free from its old confrontation way of thinking till today when the North-South top-level talks are on schedule and the preparations are being accelerated. We cannot expect any achievement from the talks in this way. In accordance with the people's demand, the South side should change the confrontation policy to a reconciliation policy and refrain from any more acts that might spoil the dialogue mood.

The people's expectations and interests in the North-South top-level talks are indeed immense. Thus, the people will never forgive those who are not happy with the talks and trying to break the mood. The South Korean authorities should prudently consider the grave consequences of the confrontation policy they are pursuing and act with discretion.

Reportage on U.S.-DPRK Talks Continues

Japan 'Hating the Progress'

SK0807102894 *Pyongyang KCNA in English 1017*
GMT 8 Jul 94

["Japan Must Not Fan Tensions"—KCNA headline]

[Text] Pyongyang, July 8 (KCNA)—Japan must not incite the increase of tensions on the Korean peninsula but do things helpful to its peace and reunification, urges NODONG SINMUN in a by-lined article today.

Voices are coming from some quarters of Japan that the "nuclear suspicion" against the DPRK must be clarified at the third round of DPRK-U.S. talks and the DPRK must accept "a full inspection," notes the article, and continues:

This is a deliberate attempt of the Japanese reactionary forces hating the progress of the DPRK-U.S. talks to bar a solution to the nuclear issue on the Korean peninsula and maintain tensions.

Left helpless when the discourse on the "sanctions" against the DPRK was formally withdrawn from the United Nations Security Council, the Japanese reactionaries are making desperate efforts to turn back the

current of the situation at any cost. They are now making a splash about modes of "sanctions" in case the DPRK-U.S. talks break up.

The Japanese reactionaries are showing such extra zeal in increasing tensions on the Korean peninsula in an effort to find a pretext to justify the conversion of Japan into a military power and a nuclear power and send combat forces overseas and establish a wartime system.

Carried away by the fervor of overseas expansion, they are trying, for the present, to restore their old position of dominator in the Asia-Pacific region and gratify their ambition for "The Greater East Asia Co-Prosperity Sphere." Korea is the first springboard for this. The Japanese reactionaries revealed their intention to send the aggressive "self-defense forces" to the Korean peninsula when they declared that they would jointly "react" in cooperation with the United States and South Korea in the absence of a UN resolution on "sanctions" against the DPRK.

It is a mistake, if Japan intends to aggravate tensions on the Korean peninsula and gratify her desire for overseas military aggression under the pretext of the "nuclear suspicion" against the DPRK.

Japan will be inviting evils to herself, if they join in driving the situation of the Korean peninsula to the brink of war.

'Confusion' Marring Talks

SK0807043794 *Pyongyang KCNA in English 0422*
GMT 8 Jul 94

["Don't Create Obstacles to Talks"—KCNA headline]

[Text] Pyongyang, July 8 (KCNA)—Some quarters, before the start of the third round of DPRK-U.S. talks, have contended that the questions of the implementation of the joint declaration on the denuclearisation of the Korean peninsula and North-South "mutual inspection" must not fail to be discussed.

Commenting on this, NODONG SINMUN today says that this reveals their intention to create a confusion in the debate on the nuclear issue between the DPRK and the United States and lay hurdles in the progress of the talks between the two countries.

The analyst says:

The lesson we have drawn while making sincere efforts for the denuclearisation of the Korean peninsula is that no progress can be expected before the problem is resolved between the DPRK and the United States, the party responsible for the nuclear issue of the Korean peninsula. This is why we have consistently insisted on the solution of this issue through dialogue with the United States and today we will begin talks with the United States for a solution to it.

If an unreasonable demand containing the sinister purpose of a third party is brought forward at the third round of DPRK-U.S. talks for a package solution to the nuclear issue of the peninsula, needless to say, the discussion cannot be focused on the key issue and the talks will get complicated. In the long run, nothing will be resolved at the DPRK-U.S. talks. This is well illustrated by the course of talks and contacts held so far to resolve the nuclear issue.

Should the dishonest forces try to put a spoke in the wheel of the talks, refusing to face the reality squarely, they will be held wholly responsible for the consequences arising from that, warns the analyst in conclusion.

5 Jul Joint Ground Target Exercise Reported

SK0807041194 Pyongyang KCNA in English 0405 GMT 8 Jul 94

[Text] Pyongyang, July 8 (KCNA)—The U.S. imperialists staged a joint exercise of ground target surprise strike against the northern half of Korea on July 5 in the skies above Oeyon islet, Anmyon islet and Wonju of South Korea with more than 20 fighter-bombers, pursuit-assault planes, assault planes and reconnaissance planes brought from the U.S. mainland and overseas bases in coordination with the flying corps of the U.S. 7th Airforce, according to military sources.

On the same day, formations of special planes which had been deployed at the U.S. Airforce bases in South Korea from overseas bases staged a special operational exercise, flying above Tokjok islet day and night.

That day an overseas-based E-3 early warning plane conducted an aerial espionage on the northern half of Korea, making a long-hour flight above Hyon-ri, Rinje and Chunchon near the Military Demarcation Line.

The unending war games gravely menace peace on the Korean peninsula.

Measures To Establish Peace Agreement Urged

SK0807152394 Pyongyang KCNA in English 1516 GMT 8 Jul 94

["Guarantee of Peace, DPRK's Consistent Position"—KCNA headline]

[Text] Pyongyang, July 8 (KCNA)—The Workers' Party of Korea and the DPRK Government have made titanic efforts all along to ease tensions, prevent the recurrence of the war and turn the unstable armistice into a lasting peace, conscious of the weighty importance of peace on the Korean peninsula, declares NODONG SINMUN today.

The author of the article says:

The DPRK has put forward a proposal to turn the Korean peninsula into a nuclear-free peace zone, a proposal to hold inter-Korean high-level political and

military talks, a proposal for multinational disarmament negotiation, a peace package and many other peace proposals. It has taken a series of practical measures, unilaterally slashing the military strength by 101,000 men, transferring 150,000 men and officers to sites of grand socialist construction from the front and posts and suspending massive military drills.

Notably in recent years, the DPRK has spent all sincere efforts to ease tensions on the Korean peninsula and create a peaceful climate for the reunification of the country, keeping pace with the whole nation toward reunification in the 90s.

Despite its consistent peace efforts, however, peace has not settled on the Korean peninsula and, on the contrary, the situation has raced toward the brink of war.

It is high time the North and the South dispelled the dark clouds of nuclear war hanging heavily over the nation and opened a dramatic phase for peace. Those who want to see the North and the South of Korea at daggers drawn are none other than the imperialist reactionaries keen on fishing in troubled waters.

By winning peace by its own efforts, our nation must prevent the fellow countrymen from being thrown into the scourge of nuclear war and the nation from playing into the hands of the big powers. Today when an inter-Korean summit is on the order of the day, neither side should do things spoiling the climate of talks such as staging a war game against fellow countrymen in league with outside forces or building up arms.

Measures must be taken between the DPRK and the United States to establish a new peace agreement for converting the unstable state of armistice into a durable peace.

We will make in the future, too, all sincere efforts to dispel tensions and remove the danger of war on the Korean peninsula and create preconditions for peaceful reunification.

Founding of Democratic Confederal Republic Urged

SK0807145894 Pyongyang Korean Central Broadcasting Network in Korean 0740 GMT 8 Jul 94

[Unattributed talk: "Best Way To Quickly Solve the Problem of Reunifying the Fatherland"]

[Text] The great leader Comrade Kim Il-song has taught: Our party holds that the country should be reunified by founding a confederal republic through the establishment of a unified national government on condition that the North and South recognize and tolerate each other's ideas and social systems, a government in which the two sides are represented on an equal footing and under which they exercise regional autonomy respectively with equal rights and duties.

The proposal for founding the Democratic Confederal Republic of Koryo, a proposal which the great leader Comrade Kim Il-song presented as a way to achieve reunification through a confederal system based on the formula of one nation, one country, two systems, and two governments, is the best proposal under which the problem of reunifying the fatherland can be solved most quickly.

The proposal for founding the Democratic Confederal Republic of Koryo is the best proposal under which the problem of reunifying the fatherland can be solved most quickly, because, under circumstances in which different ideas and systems exist in reality in the North and South of our country, this is a national reunification program that elucidates a correct way to independently and peacefully solve the problem of reunification in compliance with the nation's common requirements and interests, on the united strength of the entire nation, and based on the principle that neither the North and the South will absorb, or will be absorbed by, the other.

Based on a profound analysis of the essence of the problem of reunifying the fatherland, the historic experiences from the reunification movement, and the demands of the current situation, the great leader Comrade Kim Il-song wrote and made public the 10-point program of the great unity of the entire nation for the fatherland's reunification and, thus, again brilliantly elucidated a way to reunify the fatherland by leaving the existing two systems and governments in the North and South with the great unity of the entire nation and founding a pannational reunified state that can represent all parties, factions, and all members of the nation from all walks of life and a confederal state in which the two regional governments of the North and South participate on an equal footing.

The proposal for founding a confederal state which the great leader Comrade Kim Il-song presented is based on the concept that two different systems and two different governments can exist in one nation state.

Our fellow countrymen in the North and South have lived under different ideas and systems for a long time. However, their common national characters have not changed. Therefore, the two systems can easily exist under one nation and under a reunified state if they are based on the common national characters which have continued historically.

The proposal for founding a confederal state is a reunification proposal that gives priority to the nation over the systems and is based on national ideals and is the most realistic and reasonable reunification proposal under which one can achieve national reunification even under circumstances in which two mutually different systems exist in the North and South.

Achieving reunification through a confederal system based on the formula of one nation, one country, two

systems, and two governments is a great principle on the fatherland's reunification suitable to the reality of our country.

Implementing this great principle is the only way for the North and South to peacefully reunify the fatherland most quickly by bringing an end to the national division and achieving reconciliation and unity as members of the same nation.

The proposal for founding a confederal state which the great leader Comrade Kim Il-song presented is the most just and realistic proposal that both the North and South can accept and is widely supported not only by all Korean people but by progressive people of the world.

Truly, the proposal for founding a confederal state is a chuche-oriented grand program on the fatherland's reunification that can be presented only by the great leader Comrade Kim Il-song, who since the first day of the national division has made sleepless and restless efforts to give our nation the gift of the fatherland's reunification and wisely led our nation's reunification movement.

Under circumstances in which two starkly different systems and governments exist in the North and South and in which neither side wants to make concessions, insisting on reunification under one system is unrealistic and means that one will not achieve reunification while prolonging the division.

That no reunification can be achieved in our country when one side tries to swallow the other by means of war or by peaceful means has already been proven by history.

Bringing an end to the history of division and confrontation which lasted for almost half a century and reunifying the fatherland is our fellow countrymen's unanimous demand and will.

To independently and peacefully reunify the fatherland, the entire nation must achieve great national unity. All compatriots who worry about the destiny of the nation and yearn for the fatherland's reunification must uphold the 10-point program of the great unity of the entire nation, the nation's common milestone for the fatherland's reunification, thoroughly implement the program, and unanimously wage the struggle to found a pannational reunified state, a confederal state, that can represent all parties, factions, and all members of the nation from all walks of life. In this way, they must hasten reunification in the nineties.

Great national unity is a fundamental basis and guarantee for breaking through the difficult situation and achieving national reunification and prosperity.

All Korean people in the North and South and abroad must rise up to carry out the pannational cause of implementing the 10-point program of the great unity of the entire nation, make a particular contribution to the country's reunification and the development and prosperity of the reunified fatherland, and, thus, bring an end

to the history of division and confrontation and demonstrate the wise and proud appearance of the reunified nation to the world.

Chairman of Japan International Institute Arrives

*SK0607044294 Pyongyang KCNA in English 0420
GMT 6 Jul 94*

[Text] Pyongyang, July 6 (KCNA)—Kaoru Nakamaru, chairman of the Japan International Affairs Institute for World Peace, arrived in Pyongyang on July 5 by plane.

He was met at the airport by Yi Chong-hyok, vice-chairman of the Korean Asia-Pacific Peace Committee.

Committee Marks Korea-China Treaty Anniversary

*SK0807045694 Pyongyang KCNA in English 0430
GMT 8 Jul 94*

[Text] Pyongyang, July 8 (KCNA)—The Central Committee of the Korea-China Friendship Association and the Committee for Cultural Relations with Foreign Countries gave a party in Pyongyang on July 7 to mark the 33rd anniversary of the signing of the Korea-China treaty of friendship, cooperation and mutual assistance.

Choe Hui-chong, chairman of the State Commission of Science and Technology and concurrently chairman of the Central Committee of the Korea-China Friendship Association, said that the traditional Korea-China friendly relations personally established and cultivated by the leaders of the two countries from long ago have been consolidated and developed day by day in the common struggle to check and frustrate the anti-socialist moves of the imperialists and win victory in the socialist cause.

He said that the Korean people would as ever further develop the bonds of friendship and unity with the fraternal Chinese people in the spirit of the treaty and always remain true to the sense of revolutionary obligation to the Chinese comrades.

Referring to the remarkable advance made by the courageous and industrious Chinese people in the work to implement the tasks set forth at the 14th party congress under the leadership of the Communist Party, he wished the fraternal Chinese people greater achievements in their endeavours to build socialism with Chinese characteristics and achieve the reunification of the country without outside interference according to the policy of "peaceful unification, one country and two systems".

Chinese Ambassador to Korea Qiao Zonghuai said in his speech that the Chinese people are rejoiced over the achievements made by the Korean people, united in one mind around Comrade President Kim Il-song and Comrade Kim Chong-il, in their powerful drive to implement the strategic policy of socialist economic construction, the keynote of which is the agriculture-first, light industry-first and foreign trade-first policy, in hearty response

to the decisions of the 21st plenary meeting of the 6th Central Committee of the Workers' Party of Korea and President Kim Il-song's New Year address for this year.

He welcomed the agreement on holding in Pyongyang the first North-South top-level talks in 49 years of division of Korea which was reached between the two sides thanks to the sincere and tireless efforts of the Korean party and Government and expressed the hope that the talks would prove successful and bring a new positive phase and change in the inter-Korean relations and in the cause of Korea's reunification.

"The party, Government and people of China will make every possible effort to further develop the traditional relations of friendship with the Korean party, Government and people under the present-day complicated international situation," he declared.

The party was attended by Vice-premier Chang Chol and officials concerned.

Officials of the Chinese Embassy in Pyongyang and Chinese guests were present on invitation.

UN Distributes Indian Document on Nuclear Issue

*SK0607105894 Pyongyang KCNA in English 1038
GMT 6 Jul 94*

[Text] Pyongyang, July 6 (KCNA)—The June 17 statement of a spokesman for the Foreign Ministry of India concerning the nuclear issue of the Korean peninsula was distributed as an official document of the United Nations Security Council on June 21.

Establishment of Relations With Jordan Observed

*SK0507060594 Pyongyang KCNA in English 0424
GMT 5 Jul 94*

["Two Decades of Friendship"—KCNA headline]

[Text] Pyongyang, July 5 (KCNA)—Papers here today observe the 20th anniversary of the establishment of diplomatic relations between the Democratic People's Republic of Korea and the Hashemite Kingdom of Jordan.

NODONG SINMUN says in a signed article that the Jordanian people are now striving to build prosperous Jordan under the leadership of his majesty King Hussein.

It goes on:

Jordan calls for resolving the Middle East problem in the peaceful way in conformity with the desire and will of the Arab people.

The friendly relations between Korea and the Hashemite Kingdom of Jordan have developed favourably for two decades.

The Korean people will make efforts to develop the friendly relations with the Jordanian people in the future, too.

MINJU CHOSON says in a signed article that the Korean people sincerely rejoice over the achievements of the Jordanian people in their efforts to build a new life.

UNDP Accord on Agricultural Development Signed

SK0807043194 *Pyongyang KCNA in English 0412 GMT 8 Jul 94*

[Text] Pyongyang, July 8 (KCNA)—An assistance plan for the increase of agricultural production and the development of agricultural science and technique was agreed on in Pyongyang on July 7 between the Democratic People's Republic of Korea and the United Nations Development Programme [UNDP].

It was signed by Yi Tae-kyun, secretary of the National Coordination Committee of the UNDP of the DPRK, and G. Faruq Achikzad, resident representative of the UNDP in Korea.

This five-year plan will be helpful toward the solution of scientific and technical problems arising in increasing agricultural production and realising a comprehensive mechanisation of agriculture.

DPRK-Mongolia Friendship Meeting Held 7 Jul

SK0807045294 *Pyongyang KCNA in English 0407 GMT 8 Jul 94*

[Text] Pyongyang, July 8 (KCNA)—A friendship gathering took place at the Korea-Mongolia Friendship Pyongyang Songyo Senior Middle School No. 1 on July 7 on the occasion of the 73d anniversary of the national day of the State of Mongolia.

Present on invitation were Mongolian Ambassador to Korea Sharabyn Gungaadorj, embassy officials and Mongolian students studying in Korea.

It was attended by Chon Yon-ok, vice-chairperson of the Committee for Cultural Relations With Foreign Countries and vice-chairperson of the Korea-Mongolia Friendship Association, officials concerned and teachers and students of the school.

Pomminnyon European Headquarters Urges Unity

SK0507103494 *Pyongyang KCNA in English 1006 GMT 5 Jul 94*

[Text] Pyongyang, July 5 (KCNA)—Choe Ki-hwan, chairman of the European regional headquarters of the National Alliance for the Country's Reunification (Pomminnyon), contributed an article to the overseas Koreans' magazine MOTHERLAND IS ONE.

Elaborating on the question of national reunification, the article says:

"What is most important in activating and accelerating the reunification movement on the basis of pan-national solidarity is for the entire people in the North and the South and patriotic compatriots overseas to successfully fulfil the tasks for reunification assigned to each regional headquarters of Pomminnyon, deeply conscious that they are the driving force of reunification.

"The main task facing the driving force of the reunification movement in South Korea is to fight for independence, democracy and reunification.

"Our national reunification cannot be achieved by the strength and effort of a specific class or stratum alone. It can be achieved only by the united strength of the whole nation of all strata and nationwide efforts. Therefore, the decisive guarantee and basic way of achieving reunification is to realise a great unity of the nation."

Foreign Groups on DPRK Withdrawal From IAEA

SK0507104394 *Pyongyang KCNA in English 1010 GMT 5 Jul 94*

[Text] Pyongyang, July 5 (KCNA)—Foreign public fully supported the DPRK's withdrawal from the International Atomic Energy Agency [IAEA].

Martin Sindabizera, secretary general of the National Assembly of Burundi, in a statement expressed full support to the DPRK's decision to withdraw from the IAEA, saying that the June 13 statement of a spokesman of the DPRK Foreign Ministry dealt a heavy blow at the IAEA Secretariat.

The Executive Committee of the African Party for the Solidarity and Justice of Mali in a statement branded the "resolution" of the IAEA as a grave infringement on the dignity and sovereignty of the DPRK and praised the DPRK's decision to withdraw from the IAEA as a just self-defensive measure.

The Swiss committee for supporting Korea's reunification in a statement said the withdrawal of the DPRK from the IAEA is a natural outcome of the IAEA's partiality and discriminative treatment.

Razonera Luis, chairman of the Society for the Study of the Chuche Idea of the University of Madagascar, in a statement said: "By taking a bold measure this time, the DPRK showed the indomitable will of the Korean people to defend the socialist system to the last and demonstrated the might of the singlehearted unity of the leader, the party and the masses."

Foreign Groups Support Korean's 'Just Cause'

SK0707235294 *Pyongyang KCNA in English 1502 GMT 7 Jul 94*

[Text] Pyongyang, July 7 (KCNA)—World political and public circles express support to the Korean people's just

cause of defending the sovereignty of the country and achieving its independent and peaceful reunification.

The National Committee of the Workers' Party of Zaire in a statement on June 25 said the Korean people with an independent national economy will not waver nor will surrender their sovereignty, even if the United States resorts to "economic blockade". The U.S. must draw a lesson and open talks with the DPRK without any precondition, it said, and continued:

The South Korean authorities must promptly stop mendicant diplomacy for putting "pressure" on fellow countrymen with the backing of the United States in a bid to perpetuate division and must approach the inter-Korean top-level talks with sincerity.

Alexandr Rapin, secretary of the Central Committee of the All-Union Bolshevik Communist Party, at a press conference on June 29 said that his party was expressing solidarity with the heroic Korean people for the freedom and independence of the country and supported all the proposals of the DPRK to avert a war, denuclearizing the Korean peninsula and achieve national reunification.

He called upon progressive forces of the world to strengthen solidarity with the Korean people.

D.P. Maheshwari, chairman of the Indian Federation for World Cooperation and Cultural Relations, in his speech at an enlarged meeting of the federation on June 24 expressed support to proposals for founding the Democratic Confederal Republic of Koryo and establishing a new peace arrangement made by the Democratic People's Republic of Korea. "We extend full support and militant solidarity to the Korean people in their tireless struggle to put them into practice," he declared.

Foreign Papers Publish Kim Il-song's Work

PRENSA LATINA, ASIAN TIMES

SK0507104494 *Pyongyang KCNA in English 1013 GMT 5 Jul 94*

[Text] Pyongyang, July 5 (KCNA)—The great leader President Kim Il-song's famous work "Answers to questions raised by the general director of the Latin America News Agency 'PRENSA LATINA'" was carried by the Indian paper SARHARA DRISTIGO and the British paper ASIAN TIMES.

The ASIAN TIMES carried the gist of the work with a portrait of President Kim Il-song.

In the work, President Kim Il-song said the DPRK's proposal to reunify the country in the form of confederation envisages that Korea will, after its reunification, become a neutral state which is neither a satellite of another country nor a member state of any political and military alliance or bloc. Therefore, it accords with the wishes of the surrounding countries and of the peace-loving people of the world, he added.

The Nigerian paper the REPUBLIC carried "Non-aligned Information Services Must Contribute to the People's Cause of Independence" and the NEW NIGERIAN "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses."

HORA DO POVO, CAMBODIA

SK0807043894 *Pyongyang KCNA in English 0410 GMT 8 Jul 94*

[Text] Pyongyang, July 8 (KCNA)—The Brazilian paper HORA DO POVO and the Cambodian paper CAMBODIA carried "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", a famous work of the great leader President Kim Il-song.

The Nigerian paper NEW NIGERIAN printed his work "For the Ultimate Solution of the Rural Question Under the Banner of the Socialist Rural Theses".

In his work "10-point Programme of the Great Unity of the Whole Nation for the Reunification of the Country", President Kim Il-song formulated a program which will serve as a guideline in the great national unity including the question of founding a reunified state, independent, peaceful and neutral, through the great unity of the whole nation, the question of uniting on the basis of patriotism and the spirit of national independence and the question of uniting on the principle of promoting co-existence, co-prosperity and common interests and subordinating everything to the cause of national reunification.

Foreign Media Cite Accolades for Kim Il-song

SK0807104494 *Pyongyang KCNA in English 1004 GMT 8 Jul 94*

["The World Reveres President Kim Il-song"—KCNA headline]

[Text] Pyongyang, July 8 (KCNA)—Foreign mass media have highly praised the greatness of the respected leader President Kim Il-song after the Korean visit of Former U.S. President Jimmy Carter.

The German paper FRANKFURTER ALLGEMEINEZEITUNG said:

As the recent visit of former U.S. President Carter to Pyongyang showed, President Kim Il-song is the man whom the world meets with greatest happiness.

All the visitors received by him express respects for him.

Hearing words of U.S. journalists granted an audience by President Kim Il-song on the occasion of his 82nd birthday and the UN secretary general received by him earlier, the personality of the president cannot be disregarded.

The U.S. CNN quoted Jimmy Carter as saying:

What we felt in a few days of Pyongyang visit was that North Korea is the most peculiar country in the world and all the people of the country deeply revere and highly praise President Kim Il-song.

If we had not been received by President Kim Il-song, we would have committed a blunder, I dare say.

Meetings with officials of North Korea made me clearly see that they would not fall on their knees for economic aid from the United States nor beg for the establishment of diplomatic relations with it.

The Belgian paper LE SOIR quoted Jimmy Carter as saying that President Kim Il-song is a sensible, courageous and wise man and has a very good knowledge of the nuclear issue and other pending questions.

He said that President Kim Il-song succeeded in saving the situation this time, expressing respect for him, the paper noted.

The German magazine SPIEGEL quoted Jimmy Carter as saying: President Kim Il-song is hale and clairvoyant and has a profound knowledge.

President Kim Il-song is an unassuming person.

After seeing the mental state of North Koreans, the social structure of North Korea and North Koreans' feelings of respect for their leader, Carter said he came to the conclusion that economic "sanctions" against North Korea would be an "insult" to its people and be "unacceptable" to them, said the paper.

The Nepalese paper PRAKASH said:

The Korean question took the track of solution after Carter visited North Korea and was received by President Kim Il-song.

North Korea has declared that its nuclear facilities were contributing to strengthening the nation's power industry for a peaceful purpose, showing its uprightness in practice.

The honesty of North Korea has been proved and the campaign of "sanctions" that had carried into extremes only created circumstances that may bring an unfavourable result to the United States.

The proposal for inter-Korean summit talks put forward by President Kim Il-song will be an important event in the future development of Korea.

Kim Il-song Sends Message to King of Morocco
SK0807115594 Pyongyang KCNA in English 1018 GMT 8 Jul 94

[Text] Pyongyang, July 8 (KCNA)—President Kim Il-song of the Democratic People's Republic of Korea sent a message of greetings to King Hassan II of Morocco today on his 65th birthday.

President Kim Il-song in the message wished the king big success in his work to build prosperous Morocco and expressed the belief that the friendly and cooperative relations between the two countries would continue to develop.

Games Celebrating 'War Victory' Open 5 Jul
SK0607045594 Pyongyang KCNA in English 0419 GMT 6 Jul 94

[Text] Pyongyang, July 6 (KCNA)—The "Jongsung [war victory] Cup" games opened in Nampo, a port city of culture, on July 5 to commemorate the 41st anniversary of the victory in the Great Fatherland Liberation War (July 27, 1953).

The games being held in Pyongyang and local areas include nearly 50 events such as field and track, volleyball, basketball, table tennis, boxing, wrestling and shooting.

The games will be held every year to commemorate the day of victory in the war, the day of the second liberation, whereby the Korean people honorably defended the sovereignty and dignity of the nation.

Ceremony Marks Start of 'Months of Sea Sports'
SK0807045794 Pyongyang KCNA in English 0413 GMT 8 Jul 94

[Text] Pyongyang, July 8 (KCNA)—The July-August months of sea sports have begun in Korea.

An opening ceremony was held in Pyongyang on July 7.

In this period, students and school children and working people across the country will train their bodies and minds through sports activities in swimming pools, rivers, lakes and seas.

The opening ceremony was followed by a swimming contests of students of senior middle schools in Pyongyang.

South Korea

Further Reports on Planned N-S Summit Noted

'War of Nerves' Over Broadcasting

SK0807073494 Seoul YONHAP in English 0717 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—A war of nerves is being waged between South and North Korea over live television broadcasting of the inter-Korean summit in Pyongyang.

The two sides reached agreement on several matters, including the carrying of satellite phones, at Thursday's working-level contact on communication held in the truce village of Panmunjom.

However, they failed to narrow their differences over such details as the dispatching to Pyongyang of about 10 South Korean technical staff for live broadcasting; how long and how many times they can telecast live; and how to transmit to South Korea footage from South Korean TV cameras shot apart from the live broadcasting.

Although the two sides are scheduled to continue discussing the unresolved issues at working-level meetings in Pyongyang from July 13-16, plenty of friction is still likely.

As to live broadcasts of the summit talks, they agreed to use both surface micro-waves and satellites in telecasting between Seoul and Pyongyang.

The North opposes the South's proposal to dispatch 10 technical staff for live telecasting, saying it will handle that aspect on its own. They did reportedly agree that only North Korean TV cameramen will shoot scenes of the summit.

Aside from the live broadcasting, South Korea's three TV stations—KBS, MBC and SBS—are planning to organize a camera team to cover the summit talks through a pool system. They are expected to transmit what they cover to Seoul through micro-wave or satellite, but have yet to work out detailed plans due to South-North differences of opinion.

It is questionable how far the South Korean cameramen can go in their coverage. Those cameramen involved in previous South-North high-level meetings testify they experienced difficulty taking pictures close to Kim Il-sung.

Moreover, they may face many restrictions in portraying North Koreans' lives because of North Korean guides shadowing them constantly.

DPRK: \$2 Million for Coverage Rights

SK0807032494 Seoul CHOSON ILBO in Korean 8 Jul 94 p 2

[Article by Hong Kong Correspondent Kim Song-yong]

[Text] A Hong Kong-based source versed in North Korean affairs disclosed on 7 July that North Korea has decided to give a foreign broadcasting company permission for exclusive news coverage of the South-North summit talks which will begin in Pyongyang on 25 July, and that it will demand \$2 million (about 1.6 billion won in ROK currency) for the exclusive news coverage fee.

This source said: With a view to making the most of the forthcoming South-North summit talks as "an enterprise project," North Korea's Radio and Television Broadcasting Committee has decided to give permission to only one foreign broadcasting company for the 2-week period before, during, and after the Pyongyang summit talks at a fee of \$2 million. Since an agreement was reached upon the South-North summit talks last June, the Radio and Television Broadcasting Committee has

reportedly been asked by the world's major broadcasting companies in the United States, Japan, and Europe to allow them to cover the talks. The committee is learned to be screening those companies for selection.

This source also disclosed: In order to begin news coverage activities in North Korea, the foreign broadcasting company which is selected by North Korea will go through the procedure of opening a letter of credit at a bank designated by North Korea and entering North Korea after obtaining a letter of invitation and an entry visa at the North Korean Embassy in Beijing.

At a preliminary contact between the South and North at Panmunjom, North Korea had previously announced that it would not allow foreign reporters to join the ROK's press corps in covering the upcoming summit talks in Pyongyang.

Backgrounds of Officials Compared

SK0807093494 Seoul CHOSON ILBO in Korean 8 Jul 94 p 5

[Article by reporter Pak Tu-sik]

[Excerpts] All of the diplomacy and security-related officials of our government who have been assisting President Kim Yong-sam for the upcoming North-South summit talks are those who have taken the course of Seoul National University, study in the United States, and university professorship. Yi Hong-ku, deputy prime minister and minister of the National Unification Board; Foreign Minister Han Sung-chu; Kim Tok, director of the Agency for National Security Planning [NSP]; and Chong Chong-uk, senior presidential secretary for foreign and national security affairs, are those who took such a course.

Although it is difficult to make a direct lateral comparison between the North and the South, Kim Yong-nam, North Korean vice premier and foreign minister; Kim Yong-sun, secretary of the Workers Party of Korea [WPK] for South Korean affairs; and Hwang Chang-yop, secretary of the WPK for international affairs, can be compared to the "four scholars-turned-assistants" of our side. In other words, they are also those who took the North Korean elite course of "Kim Il-song University, study in Moscow, and WPK cadre membership."

The greatest career disparity between these North and South Korean officials lies in their experiences in business. Our side's officials mentioned above were appointed by the government to their present high-ranking posts when they were university professors. Of course, Deputy Prime Minister Yi Hong-ku served as minister of the National Unification Board and later as ambassador to Britain under the Sixth Republic. However, the other three officials were picked up after the present government was inaugurated, and so their career with the government numbers less than one and a half years.

On the contrary, the North Korean side's officials mentioned above joined the WPK in the late 1950s and

started to work there as cadre members of the party's diplomatic and security fields. Since then they have worked for more than 30 years as the "fighters" of North Korea's diplomatic and South Korean affairs. [passage omitted]

Comparison of High-Ranking Officials of the Diplomatic and Security Field between North and South Korea: Name and Position.

South Korea	North Korea
Yi Hong-ku (deputy prime minister and minister of the Unification Board)	Kim Yong-nam (vice premier and foreign minister)
Kim Tok (director of the NSP)	Kim Yong-sun (WPK secretary for South Korean affairs)
Han Sung-chu (foreign minister)	Hwang Chang-yop (WPK secretary for international affairs)
Chong Chong-uk (senior presidential secretary for diplomatic and security affairs)	
Average Age	
56	66
Education	
Seoul National University and study in the United States	Kim Il-song University and study in Moscow
Career	
Yi Hong-ku: Seoul University professor, minister of the Unification Board, and ROK ambassador to Britain.	Kim Yong-nam: Director of the Department of International Affairs of the WPK, vice chairman of the Committee of Peaceful Reunification of the Fatherland [CPRF], foreign minister, and vice premier.
Kim Tok: Professor at Hankuk University of Foreign Studies.	
Han Sung-chu: Professor at Korea Univ.	Kim Yong-sun: Ambassador to Egypt, director of the Department of the International Affairs of the WPK, chairman of the Reunification Policy Committee of the Supreme People's Assembly [SPA].
Chong Chong-uk: Professor at Seoul University	Hwang Chang-yop: President of Kim Il-song Univ., member of the WPK Central Committee, chairman of the SPA, and vice chairman of the CPRF.

Han Sung-chu and Chong Chong-uk were appointed when the present government was inaugurated in February 1992. But, Yi Hong-ku was appointed at his present post in May 1994. On the contrary, the North Korean officials mentioned above were appointed as cadre members of the WPK in the 1950s. On the other hand, those who are likely to attend the two Kims' summit talks are Yi Hong-ku and Chong Chong-uk from the South side and Kim Yong-sun from the North side.

NUB Minister on Second Summit

SK0807083794 Seoul YONHAP in English 0822 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—Ensuring that the first inter-Korean summit paves the way for follow-up steps is more important than deciding the date and site of a second summit, the top unification official said Friday.

Yi Hong-ku, deputy premier and minister of the National Unification Board (NUB), suggested at a luncheon meeting with the press that the government would push to resume various dialogue channels already existing between the South and the North.

Seoul and Pyongyang are scheduled to have their first inter-Korean summit talks in history from July 25-27 in the North's capital to discuss ways of improving relations and ultimately of realizing unification.

Yi said, "to make the follow-up measures possible is more important than when and where to hold the second summit. For instance, after the summit, the various joint commissions formed in accordance with the South-North basic agreement might begin full-fledged operations."

Meanwhile, the government is studying detailed measures to prepare for operating the five joint commissions, including the South-North joint military and nuclear control commissions, as well as for resuming Red Cross talks, hinted an official at NUB who asked not to be named.

He said, "the summit may focus on how to start operation of the joint commissions and on how to realize exchange visits by hometown visiting parties consisting of those family members who were divided between South and North during the Korean war 40 years ago. It is most likely that North Korea will give a positive response to these issues."

Nevertheless, this does not mean that the South will not push for a second summit in Seoul, he added. "I mean, it is the government position that Seoul will make the maximum effort to see to it that the first summit bears fruit."

South and North Korea formed the five joint commissions on nuclear control, reconciliation, the military, economic exchanges and cooperation, and social and cultural exchanges and cooperation in 1992, but the bodies have failed to meet since then—except for the Nuclear Control Commission on Jan. 25, 1993.

President's Activity Agenda Studied

SK0807012994 Seoul YONHAP in English 0118 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—The government has decided to seek to have one of the two inter-Korean summit meetings slated in Pyongyang from July 25-27 at President Kim Yong-sam's lodging place, official sources said Friday.

It has also been decided that, during his three-day stay in North Korea, Kim Yong-sam will host an official dinner for his North Korean counterpart but will refrain from attending outside events as much as possible. His participation in functions would be limited to when Kim Il-song was attending too, sources said.

The government has already notified Pyongyang of such a position based on the principle of reciprocity and will push this at a working-level meeting slated for July 13-16 in Pyongyang, they said.

Accordingly, odds are that the first one-on-one meeting between the two presidents will be held at the Presidential Palace, on July 25, and the second at Kim Yong-sam's lodging place, possibly the Paekhwawon Guesthouse, the following day.

The two sides have agreed to hold two or more tete-a-tete summit meetings.

"We've already made this position known to North Korea during the Panmunjom working-level meeting last week, and I'm expecting North Korea to give us their draft itinerary reflecting this position on Sunday," a source said.

South, North Begin Discussion on Summit Security

SK0807025194 Seoul YONHAP in English 0246 GMT 8 Jul 94

[Text] Panmunjom, July 8 (YONHAP)—South and North Korea met in the truce village of Panmunjom at 10 A.M. Friday and began a discussion on security-related matters for the inter-Korean summit slated for July 25-27 in Pyongyang.

The South reportedly proposed that the bodyguards of President Kim Yong-sam be allowed to carry weapons and that security during President Kim's visit to North Korea follow generally recognized international norms. South Korean security officials also proposed the dispatch of 50 security-related officials, according to a government official.

On Saturday, the South will hand the North a list of the South Korean advance party due to visit Pyongyang from July 13-16 for working-level contacts with North Korean officials. Yun Yo-chun, special aide to the prime minister, is expected to lead the advance party.

Areas of Agreement Reported

SK0807053594 Seoul KBS-1 Radio Network in Korean 0500 GMT 8 Jul 94

[Text] South and North Korea agreed on matters regarding President Kim Yong-sam's personal security during the summit talks in conformity with the principle of mutual respect at a working-level contact between security officials concerned held at Tongilgak in the North side area in Panmunjom on 8 July.

It was learned that at today's contact the North side accepted our side's demand that the number of security guards be (750) and they be allowed to carry weapons.

It was also learned that in accordance with the international practice for summit talks, the proposal for introducing special equipment for security was also accepted.

It was also learned that the two sides agreed not to carry weapons inside the Presidential Palace where the summit talks are expected to be held.

Three officials from our side, including (Kim Kwang-chu), director of the Security Bureau of Chongwadae [presidential offices]; and three officials, including (Choe Chon), director of a department of the General Bureau of Security, from the North side attended the meeting.

Agreement Not To Announce Outcome

SK0807081794 Seoul YONHAP in English 0745 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—North and South Korean officials discussed security preparations for the historic inter-Korean summit in Pyongyang later this month at a meeting in the truce village of Panmunjom Friday.

As the two sides agreed not to announce the meeting's outcome in consideration of the sensitive nature of the summit's security, what was actually discussed has not been made known.

But officials see no problem in providing security for the summit as the two sides have agreed on joint protection within the scope of international security practices.

At the Panmunjom meeting Friday, they reportedly discussed the number of bodyguards to accompany President Kim Yong-sam to Pyongyang, whether they can carry weapons and where President Kim should be protected in the North Korean capital.

With Pyongyang's understanding that the bodyguards are being included in the president's 100-member entourage, the government reportedly told North Korea that Kim's bodyguards will number around 50.

In Pyongyang, security should be provided for President Kim wherever he goes, but whether North Korea will do so remains unknown.

The South requested all security standards accepted in international practice, and the North reportedly agreed.

The South is also known to have pressed for joint security with North Korean guards in some "dangerous areas" of Pyongyang.

Because the two sides have agreed that Presidents Kim Yong-sam and Kim Il-song will each take two to three aides and one recording clerk to their meetings, there is no need for Kim Yong-sam to be protected by his bodyguards when he sits down with Kim Il-song.

In addition, security for his trip from Panmunjom to Pyongyang and his movements within Pyongyang will be provided by North Korea according to international practices.

The South will therefore provide close security only for Kim Yong-sam such as protection of his hotel and his car while traveling.

At the Panmunjom meeting, the South reportedly stressed the need for Kim Yong-sam's bodyguards to carry weapons. The North's reaction is not known, but it appears to be positive as Pyongyang has allowed the bodyguards of foreign heads of state to carry weapons when they visited.

In the building where the summit is being held, Kim Yong-sam's bodyguards may be disarmed if the North so desires, but in other areas entered by Kim Yong-sam including his lodging place, they must be armed and the North has reportedly voiced its understanding on this issue.

The exact security to be provided for the summit will be made known after the working-level meetings in Pyongyang from July 13-16.

On the basis of the discussions in Pyongyang, the South will prepare its security plan, including the type and number of weapons Kim Yong-sam's bodyguards will carry, and then inform the North.

This plan will be thorough and complete so that the historic summit does not fail because of even a small breach of security.

A Chongwadae security official says, "the North has accounted for 70 percent to 80 percent of the targets our security work has aimed at so far. Imagine how we're feeling about our going there. We're preparing for the worst imaginable scenario."

Third Round of U.S.-DPRK Talks Begin in Geneva

*SK0807093794 Seoul KBS-1 Radio Network in Korean
0900 GMT 8 Jul 94*

[Text] The third round of U.S.-North Korea high-level talks for resolving the North Korean nuclear issue began at 1630 today [0730 GMT] at the North Korean Mission in Geneva.

In today's talks, the United States and North Korea exchanged views on the North Korean nuclear issue and on the improvement of relations between the two countries.

The United States side stressed that if North Korea stops carrying out its nuclear activities, abandons its nuclear development program, and acts as a responsible member of the international community, the United States will lift all restrictions and make every effort to give economic assistance and other forms of assistance to North Korea.

The United States stated that if North Korea clearly proves nuclear transparency, the United States will take

the preliminary measures necessary for establishing diplomatic relations, including opening a liaison office or a consular office.

In response, North Korea reportedly said that it has not developed nuclear weapons and has no intention to develop them in the future. It reportedly demanded that the United States guarantee North Korea free nuclear activities and lift all restrictions against North Korea.

DPRK Chief Delegate Profiled

*SK0807054994 Seoul TONG-A ILBO in Korean
8 Jul 94 p 2*

[Article by Yi Chin-yong: "What Kind of a Person Is Kang Sok-chu?]

[Text] Kang Sok-chu, North Korea's chief delegate to a third round of high-level talks with the United States, became known to the world in negotiations with the United States. A tall man with a pleasant appearance, he gives off the impression of being "a diplomat" and is known for his high command of negotiation tactics.

While his official title is first vice minister of the Foreign Ministry affiliated to the Administration Council, he is next in line after Foreign Minister Kim Yong-nam, and a key member in leading North Korean diplomacy.

He assumed the title of member of the Workers' Party of Korea Central Committee in 1991 and the title of vice chairman of the Foreign Affairs Committee which is under the Supreme People's Assembly, in 1990, which is quite unusual for a diplomat. Because of this, he is known to be one of the few bureaucrats who is in possession of both pragmatism and professionalism and who supports the Kim Chong-il system, and thus, he wields considerable power within North Korea's power circle.

He gained publicity when he led a North Korean delegation to the 41st UN General Assembly in September 1986. Since then, he has headed the delegation to the UN General Assembly every year. When the North and South jointly applied for UN membership, he surprised the world by making a membership-acceptance address as the head of the North side on 17 September 1991.

He was born in South Pyongan Province, North Korea, and is 56 years old. He graduated from the University of International Relations in Pyongyang and majored in French. He has a good command of English and French.

He was appointed as a director of a section of the International Department of the Party Central Committee in 1980 and joined the world of western diplomacy when he was posted as a third secretary to the North Korean Mission at UNESCO in Paris, in 1981. In March 1984, he was appointed as the vice foreign minister and promoted to the first vice foreign minister in April 1987.

U.S. Urged To Demand DPRK Nuclear Transparency

SK0807090994

[Editorial Report] Seoul vernacular newspapers on 8 July carry editorials in advance of the third round of U.S.-DPRK talks which begin in Geneva on 8 July.

The conservative CHOSON ILBO publishes on page 3 a 1,200-word editorial entitled "The Last Negotiation for the North Korean Nuclear Problem." Noting the main agenda item at the talks is the North Korean nuclear problem, the editorial points out that if no breakthrough is provided for the settlement of the nuclear problem at the current talks, this issue will be turned to the UN Security Council for sanctions. The editorial continues that although North Korea evaded the crisis of sanctions with the creation of a dialogue atmosphere prompted by former U.S. President Jimmy Carter's visit to North Korea, its "nuclear suspicion" has not been completely removed. The editorial writes that the United States is showing an attitude of "considerable concession" toward the talks, choosing a method for solving the problem through "freezing" the North Korean nuclear program instead of "verifying" its past. The editorial predicts that "North Korea will seek to establish diplomatic relations with the United States, to obtain a declaration on refraining from nuclear attack, and to achieve economic cooperation on the condition that North Korea freezes its nuclear program." The editorial emphasizes that North Korean nuclear transparency should not be neglected during U.S.-North Korea negotiations and its past activities should be verified in addition to the present and future. The editorial then calls on the United States and North Korea to realize that the North-South denuclearization declaration would be invalid if North Korea has even "half a nuclear bomb." The editorial writes that "people's trust in the U.S. leadership will be seriously damaged" if the United States attempts to gloss over the North's nuclear transparency, noting that this situation would unfavorably work for President Clinton's plan for reelection. The editorial emphasizes that it is a vital, uncompromising task to practically ensure North Korean nuclear transparency. The editorial concludes by stating that "the North Korean attitude of how sincerely it will come to the North-South summit will appear first during the third round of U.S.-North Korea talks."

The moderate TONG-A ILBO publishes on page 3 a 1,200-word editorial under the headline, "Our Request to the North Korea-U.S. Talks." Describing the third round of North Korea-U.S. talks as the "last attempt" to resolve the North Korean nuclear problem through dialogue, the editorial urges the United States to resolve the North Korean nuclear problem based on the principles of the International Atomic Energy Agency for nuclear transparency and on its inspection activities and to cautiously deal with agenda items for political negotiations that go beyond the nuclear issue. The editorial maintains that even if the conclusion of a North Korea-U.S. peace treaty is proposed, the U.S. delegation should "block" the North Korean attempt to put forward this proposal as an agenda item, and if a concession

is made on this point, "a serious negative impact would be given to the North-South summit." The editorial stresses that the ROK Government should send "experts on the North Korean nuclear program" to Geneva in addition to its nuclear ambassador with a view to helping the U.S. delegation in order to "effectively counter North Korea's political offensive."

The moderate HANGUK ILBO publishes on page 3 a 1,200-word editorial entitled "The North-South Summit and the North Korea-U.S. Talks." Noting the Geneva U.S.-North Korea talks are of "enormous significance" because the talks will bring about a "change in the situation on and around the Korean peninsula, as well as a reorganization of order in this area," the editorial writes that the talks will also have "a decisive impact on success in the upcoming North-South summit" and that the talks are the last opportunity for a solution to the North Korean nuclear problem. The editorial urges the ROK Government not to remain merely as an "onlooker" on the nuclear issue but to strive to ensure North Korean nuclear transparency through the United States. Reviewing the U.S. line for improvement of relations with North Korea, including support for the construction of a light-water reactor, the editorial expresses concern with the possibility of the "disappearance" of North Korea's past nuclear development because of the U.S. plan to lower the degree of its demand for inspections of two undeclared nuclear sites, and stresses that the North Korean nuclear problem should be completely settled during the U.S.-North Korea talks so that the upcoming North-South summit can be a productive talk to discuss the easing of tension as well as genuine peace. The editorial concludes by writing that discussion on the issue of replacing the armistice agreement with a peace agreement by fully accepting the North Korean demand for a package solution should be "blocked" without fail.

The moderate CHUNGANG ILBO publishes on page 3 a 1,200-word editorial entitled "North Korea-U.S. Talks and the Adjustment of ROK-U.S. Views." Noting North Korea-U.S. talks are being held "under an atmosphere full of optimism," the editorial writes that both sides show a positive attitude for a solution to the North Korean nuclear issue but the ROK cannot necessarily be satisfied even if the two reach an agreement, because there is an indication that the United States is going to resolve the nuclear issue "with flexibility." The editorial emphasizes that even if North Korea has one nuclear weapon, ROK security will be seriously endangered, and furthermore, Japan will find a pretext for its own nuclear armament. Therefore, the editorial maintains, "sufficient advance tuning of policies" should be made between the ROK Government and the U.S. Government to prevent such a situation from taking place.

The pro-government SEOUL SINMUN publishes on page 3 a 1,000-word editorial entitled "It Is the Last Chance for Solution to the North Korean Nuclear Problem." The editorial says that the current U.S.-North Korea talks are an important occasion for evaluating North Korea's true intention regarding its nuclear program. The editorial stresses that "there is no particular

reason for us to oppose the U.S. position to discuss North Korea's past nuclear activities later, if a guarantee for the present and future is obtained."

U.S. Senator Levin Plans Trip Through Panmunjom

SK0807084594 Seoul YONHAP in English 0850 GMT
8 Jul 94

[Text] Seoul, July 8 (YONHAP)—U.S. Senator Carl Levin, a member of the Senate Armed Services Committee, will arrive in North Korea Saturday via Beijing for a three-day visit, the Foreign Ministry said Friday.

The Democrat from Michigan will pass through the border village of Panmunjom on his way to Seoul at the end of his Pyongyang visit.

The senator's North Korean trip, arranged at Pyongyang's invitation, comes after foiled visit attempts by committee chairman Sam Nunn.

The purpose of Levin's visit was described as a "fact-finding" mission on Northeast Asian affairs.

Levin, 60, initially wanted to come to Seoul first and cross the border at Panmunjom into North Korea, but this could not be arranged due to time limitations, ministry officials said.

He will arrive in Beijing Friday evening and go to Pyongyang the following day.

The lawyer-turned-senator has displayed a keen interest in South Korean human rights issues, sponsoring a congressional resolution in 1980 asking for the U.S. President to intervene in stopping the execution of then-opposition leader Kim Tae-chung.

He also proposed a phased U.S. troop withdrawal from South Korea in 1989—seeking a reduction from 43,000 to 10,000.

Improvement in U.S. Visa Issuance Demanded

SK0807013094 Seoul KYONGHYANG SINMUN in Korean 8 Jul 94 p 23

[By Kim Pan-su and Kim Kun-chol]

[Text] Since it was reported (on page 23 of the 6 July issue of the KYONGHYANG SINMUN) that the applicants for U.S. entry visas are suffering from humiliation and inconvenience, various religious, human rights, and citizens organizations have issued a succession of statements calling upon the U.S. Embassy to improve the process of issuing visas.

In a 7 July statement, the Clergymen's Society for Justice of the Korea Anglican Church (Chairman: Choe Cha-ung, 46) called upon the United States to immediately improve the process by saying: "It is unthinkable in today's international society to stand in a line for as long as six hours from 3 AM, early in the morning, only to get an appointment for an interview. If our demand is not

met, we will embark upon a signature-gathering campaign in collaboration with organizations from various walks of life."

In a similar statement issued on 7 July, the Citizens Program Department of Korea's YMCA [Young Men's Christian Association] (director: Kim Song-su, 40) stated: "It is a disgrace to human civilization to see the existence of such discriminatory treatment in modern society. The Ministry of Foreign Affairs should immediately work out countermeasures by holding consultations with the U.S. Government."

So Kyong-sok, 47, secretary general of the Citizens' Coalition for Economic Justice, also said: "If the United States is a genuine friend of the ROK, it should correct the unreasonable visa issuance system first. While the number of ROK citizens who want visas issued is increasing, the number of visas being issued is decreasing. This is preposterous."

In a statement, the Human Rights Committee of the Korea National Council of Churches [KNCC] (Chairman: Kim Sang-kun, 55) emphasized: "ROK citizens have long had to withstand inconveniences to get visas. This notwithstanding, the Governments of the ROK and the United States should, even now, map out joint measures for improving the process."

The Korean Christians' Coalition for Social Movement (Co-chairman: Ho Pyong-sop, 55) also called upon the United States to "immediately map out ancillary measures before the ROK citizens' inconveniences escalate into a conflict of sentiments between the citizens of the two countries."

Trade Group Reports Increase in North Exports

SK0807023494 Seoul THE KOREA TIMES in English
8 Jul 94 p 8

[Report by Chae Hui-muk]

[Text] North Korea's exports saw a slight upturn, while the rate of decrease in its imports slowed last year, ending three years of sharp decreases in both exports and imports, the Korea Trade Promotion Corp. (KOTRA) reported yesterday.

Exports grew 0.6 percent to \$938 million and imports decreased 2.1 percent to \$1,538.5 million last year from 1992, according to the body. Its trade totaled \$2,476.6 million in 1993, down 1.1 percent from \$2,504.8 million the year before.

The growth of exports was due to the active export of goods processed in the North from materials supplied by foreigners and a foreign exchange earning drive by the Pyongyang government, KOTRA said in an analysis of North Korea's external trade for 1993.

The trade with China, Japan and the Commonwealth of Independent States (CIS) stood at \$1,729 million, accounting for 68.8 percent of the total last year. The

trade with Russia decreased 22.4 percent last year, while that with other CIS members, including Kazakhstan, rapidly increased.

North Korea recorded trade surpluses of \$32.7 million with Japan, \$25 million with Germany and \$25.4 million with India.

But the North recorded trade deficits with 51 other trading partners. It registered deficits of \$305 million with China and \$226.7 million with CIS members, together accounting for 88.6 percent of its total trade deficit.

Iron ores and non-ferrous metals are still its major export items, but textiles are expected to emerge as a leading export item as foreigners have increasingly commissioned North Korean concerns to process raw material provided by them for reexport, KOTRA said.

Textile exports increased 21 percent last year to \$201 million, representing 21.4 percent of its total exports, while imports of raw and intermediary textiles increased 2.5 percent to \$194 million, accounting for 12.6 percent of the total imports.

Commissions to process goods for reexport have extended from textiles to electronics, electrics and diamonds, KOTRA said.

Relaying trade has also increased recently, KOTRA said, adding that North Korea imported \$139.9 million worth of vehicles from Japan and 12 other countries and reexported \$70 million worth of vehicles to China and Russia. The differences are believed to be traded at border villages.

Border trade with three Chinese provinces stood at \$726 million last year, accounting for 80.7 percent of the total bilateral trade.

As much as 32 percent of the total exports and 34 percent of the imports were primary industry goods, it said.

China supplied 85.5 percent of North Korean food imports and 73.5 percent of its crude oil imports last year. In particular, some 1 million tons of crude oil has been imported from China every year since 1989, showing the North's heavy dependence on Chinese oil.

The KOTRA said that North Korean trade will not increase strikingly due to its structural problems, including its self-supplying economic system.

But North Korean trade is expected to surpass the volume of 1993 this year due to active export of goods commissioned to be processed by foreigners, border trade, and increasing imports of food and oil, it analyzed.

The Pyongyang government has emphasized improvement of trade-related laws and regulations to implement the trade-first policy declared at the Supreme People's Congress last April, it said.

If the embargo on U.S. trade with North Korea is lifted and inter-Korean relations improve, North Korean exports will grow 10 percent or more, it said.

But imports will grow only 2-3 percent due to a lack of foreign exchange, it said.

Meanwhile, North Korea's external trade was 1.5 percent of the South's last year.

Prime Minister Discusses Unification 'Formula'

SK0807022994 Seoul YONHAP in English 0222 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—Prime Minister Yi Jong-tok declared Friday there are no plans to absorb the North in the South's formula for Korean reunification.

Speaking at a breakfast meeting of the Korea Development Study Society at the Hilton Hotel, Yi said North Korea "has been in fear and trembling since the fall of the East European countries."

"Should North Korea renounce its unification front strategy for a socialist revolution, the Republic of Korea will not begrudge it large-scale economic assistance," he remarked.

Noting that the reunification policy goals of South and North Korea—freedom-based unification versus communism-based unification—have been diametrically opposed, Yi said the coming summit will pave the way to setting a common objective.

North Korea is in a hurry to improve relations with the United States, but what is important to the North Koreans is building up confidence in their brethren in the South, he stressed.

"When the two Koreas reconcile, the one the North can truly rely on in the international community will be the Republic of Korea, not any foreign nation."

The prime minister defined the two Koreas' common unification objective as "a mature democratic society ruled by law where human rights are respected, freedom is guaranteed, social justice is realized and man's universal values prevail."

To prepare for building such a society after unification, "we must pursue a spiritual revolution to transform the country into a community for the people to live together in earnest," he stressed.

Seoul Reviews Exchanging North, South Detainees

SK0407113894 Seoul CHUNGANG ILBO in Korean 4 Jul 94 p 2

[Report by Pak Ui-chun]

[Text] The government is reviewing a plan to link the repatriation of South Koreans now detained in North

Korea, including fishermen of Tongjinho, with sending long-term unconverted prisoners detained in South Korea to the North.

A relevant government official on 4 July stated: "The issue of repatriation of South Koreans detained in North Korea is more urgent than the reunion of ordinary separated families. Therefore, the government is reviewing a package plan to resolve the issue of the repatriation of South Koreans detained in the North, including fishermen of Tongjinho, and allowing long-term unconverted prisoners, who have no relatives in South Korea, detained in South Korea to visit North Korea."

This official also pointed out: "There would be a number of judicial problems in sending long-term unconverted prisoners to North Korea. This issue can be reviewed from the standpoint of uniting separated families." He added that this issue will likely be discussed during the upcoming summit.

It has been learned that approximately 400 South Koreans are now detained in North Korea, including 12 fishermen of Tongjinho and 12 crew members of Korean Airlines.

Russia 'Ready' With Reactor Technology for North

SK0807063794 Seoul YONHAP in English 0625 GMT
8 Jul 94

[Text] Seoul, July 8 (YONHAP)—Russia stands ready to provide its light-water reactor technology to North Korea once Pyongyang returns to the Nuclear Non-Proliferation Treaty (NPT) and complies with nuclear safeguards, Russian ambassador to Seoul Georgiy Kunadze said Friday.

Stating his personal opinion that the current Korean armistice is "an old agreement, old-fashioned," he said he believed Moscow would fully accept any new formula the two Koreas chose to replace the armistice.

Russian President Boris Yeltsin froze all nuclear energy cooperation with North Korea when Pyongyang announced it would withdraw from the NPT in March 1992, Kunadze said in a luncheon speech sponsored by the Korean Council on Foreign Relations.

The cooperation can resume on condition that North Korea comply fully with the safeguards accord and return to the NPT, said the ambassador.

Once these conditions are met, "we will be prepared to discuss this issue (light-water reactor technology) with North Korea and the International Atomic Energy Agency (IAEA)." "We are well-equipped to manage this project. Light-water reactors of the Russian type are the best in the world," Kunadze claimed.

His comments came amid reports of a difference in opinion between Seoul and Washington on which reactor model to provide to North Korea in exchange for transparency of its nuclear activities.

South Korea wants to supply its own model while the United States recommends using the Russian version.

Moscow signed a contract with Pyongyang in 1985 on light-water reactor technology transfer but it was never carried out.

Commenting that the Korean armistice does not provide a proper framework for dialogue, he said he personally believes it should be replaced by a new accord.

"Russia is fully prepared to accept any settled formula acceptable to the two Korean states," the ambassador told the council. "We are ready to fully embrace" a new agreement.

He made the remark following his speech in which he said the armistice should be worked out by the two Koreas, not between North Korea and the United States as Pyongyang insists.

The ambassador criticized the South Korean Government for reneging on its promise to return the former Russian legation site in downtown Seoul, currently valued at around 300 billion won.

He said he was told that a third country "with certain influence" within the Seoul government had convinced South Korea not to give back the property to Moscow.

While saying he personally doesn't believe the rumor, Kunadze said it would be "very derogatory to the sovereignty of South Korea" if it was true.

Seoul and Moscow agreed in principle to swap the current embassy sites, with South Korea providing nominal monetary compensation for the legation site.

On the repayment of 1.47 billion U.S. dollars in economic assistance extended by Seoul to Moscow, Kunadze repeated that the conditions should follow the Paris Club agreement.

The Paris Club agreement contains a provision that non-members cannot receive better conditions on having their loans repaid. "The formula will have to be in full compliance with the Paris Club," he said.

Envoy on Russian Involvement in Sanction Debate

SK0807024294 Seoul YONHAP in English 0232 GMT
8 Jul 94

[Text] Seoul, July 8 (YONHAP)—Russia expressed reservations Friday about U.N. sanctions against North Korea, especially if it were to be excluded from the deliberation process before any such decision was taken.

It urged further dialogue even if the North Korea-U.S. high-level talks in Geneva fail, reminding of Moscow's proposal for an international conference to resolve the standoff over Pyongyang's nuclear program.

"It goes without saying that the situation around the North Korean nuclear issue is both outrageous and

unfortunately typical," Russian ambassador to Seoul Georgiy Kunadze said in a speech at a luncheon hosted by the Korean Council on Foreign Relations.

Russia realizes that if diplomatic means failed in convincing North Korea, the U.N. Security Council "would probably be left without any options but to enforce economic sanctions," said the envoy.

"In this context let me recall the words" of Russian Foreign Minister Andrey Kozyrev, who told his South Korean counterpart Han Sung-chu earlier that "we may not even consider any further steps which are not the result of deliberations with our direct and substantial participation," Kunadze told the luncheon.

"Moscow wants to prove that its involvement in any internationally coordinated action is a prerequisite for its success," commented one official on condition of anonymity.

The ambassador pinned his hopes on more diplomatic dialogue even if the North Korea-U.S. talks, opening in Geneva Friday, fail.

"The international community, having entrusted the U.S.A. with the mission of negotiating the nuclear issue, is finally expecting some positive results," he said.

"In case this is not going to happen, the last means of diplomatic settlement of the nuclear issue as I see it will be the international conference on security in the Korean peninsula, as proposed by Russia," he said.

Moscow has proposed an eight-way conference, with the participation of the two Koreas as well as the United Nations, to discuss settlement of the North Korean nuclear row. The idea was politely rejected by Seoul and Washington when the United Nations was on the verge of adopting a sanctions resolution against Pyongyang on the ground that action at the Security Council takes priority.

Kunadze urged that the nuclear debacle, including North Korea's full return to the Nuclear Non-Proliferation Treaty (NPT), be settled no later than May 1995 when members decide on extension of the treaty.

The ambassador sided with Seoul in its claim that the Korean peace treaty should be signed between the two Koreas, not between North Korea and the United States.

"...one has to realize clearly that the Armistice Agreement in Korea has been concluded not between the states, but between the senior military commanders in the field," said Kunadze.

"In this sense the present Armistice Agreement is in no way an agreement between, say, the DPRK (North Korea) and the U.S.A.," he told the luncheon.

Outlining key points in Russia's Asia-Pacific policy, the ambassador emphasized the necessity of a "common code of conduct in arms trade, stressing first and foremost the transparency of this trade."

He also called for the strengthening of the nuclear weapons non-proliferation regime. In an apparent jab at North Korea, which insists it has unique status with regard to the NPT, he said, "no country, however unique it is, can claim for itself any special status or demand privileged treatment under the common rules, as defined by the NPT."

DPRK Forms New Japanese Affairs Organization

SK0807024794 Seoul KBS-1 Radio Network in Korean 0200 GMT 8 Jul 94

[YONHAP from Tokyo]

[Text] Radio Press, a Japanese broadcasting network specializing in communist affairs, today reported that North Korea formed a new organization to deal exclusively with Japanese affairs.

Radio Press reported that this new organization will be called the Asian-Pacific Peace Committee and will be chaired by Kim Yong-sun, secretary of the North Korean Workers' Party. Radio Press added that North Korea's Asian-Pacific Peace Committee will likely carry out works related to Japan in the future.

*** Protection Measures Spur IPR Disputes**

9542C0153A SILMUL KYONGJE in Korean 25 May 94 pp 34-36

[Article by Cho Yun-ae, responsible researcher at the Electronic Information Industry Research Institute]

[Text] The scope and intensity of protection for intellectual property rights are increasing as the protection of intellectual property rights becomes a most important factor in securing a competitive edge in technology as a result of the changes in the world economic environment and the final accord on the intellectual property rights agreement at the Uruguay Round of multinational trade negotiations [UR].

In the early May USTR evaluation of each country as to the protection of intellectual property rights as provided for by Special-301, the ROK was placed in the priority watch list [PWL] for the third straight year.

The electronic information industry is the most vulnerable sector under this special provision. In fact, the U.S. software industry strongly has demanded that the ROK be placed in the priority negotiation list for its failure to crack down on illegal software copying.

With the final accord reached on the UR-sponsored intellectual property rights agreement, the categories of intellectual property rights eligible for protection have been expanded and the degree of their protection has also been increased. As a result, disputes over intellectual property rights are increasing. In the past, the protection of intellectual property rights in the United States and other advanced countries was focused on patents and trade marks. But recently, the scope of protection has

been greatly expanded to cover such new technologies as computer programs, software, data base, IC layouts, and other business secrets. In the case of the electronic information industry which is at the center of patent disputes, disputes were limited to the house appliances field until 1983. But subsequently, the offensive of advanced countries for patent protection spread to the information and IC sectors until 1989, and to the communications sector beginning in the early 1990.

Emerson, holder of the Vision patent, Hayatt, holder of an MPU (micro processor unit) patent, and other individual inventors are indiscriminately entering suit with the court through patent law firms. These patent disputes, as they involve source technologies, are having a serious impact on the whole breadth of the electronic information industry.

With the expansion of the offensive to protect intellectual property rights, the prices of buying technologies are sharply rising. In particular, the change in the standards for royalty computation, the increasing number of patent litigations on finished products, and the tendency toward sue-first-and-negotiate-later are pushing the prices of technologies sharply higher. This tendency will increase in the wake of the final accord on the UR-sponsored intellectual property rights protection agreement.

Originally, royalties were computed on the basis of the profits. But with the instant camera patent dispute between Polaroid and Kodak in 1985 as a watershed, the amount of sales instead of the amount of profits began to be used as the basis of royalty computation. With this shift, royalty rates shot up. For instance, Fairchild demanded that Samsung, Goldstar, and some Japanese electronics firms pay 7.5 percent of their camcorder sales in royalty on the CCD patent. Emerson, an inventor, demanded that electronics and automobile companies throughout the world using his Vision patent pay 0.3 percent of the amount of their exports to the United States in royalty for 10 years. Meanwhile, IBM demanded that American personal computer [PC] companies using its PC-related patent pay \$7.36 million, or 1 percent of their domestic sales amount, in royalty, the rate to be increased annually up to a maximum of 5 percent.

Patentees tend to sue finished-goods dealers, usually large firms, rather than parts dealers, usually small and medium enterprises, and in litigations over patent rights on parts, they demand a royalty payment on the basis of the sales of finished products using the parts in question. This has the effect of increasing the royalty burden on patent users. Our electronics firms are weak in the face of the kind of patent offensive described above because they have grown mainly by using the knockdown formula. For example, Fairchild of the United States sued our camcorder and facsimile producers on charges of infringing upon its patents on the CCD composition and manufacturing method. Zenith of the United States also brought action against not only parts producers but also Samsung and other finished-goods producers on charges of violating its tuner-related patent.

When an American patentee brings a patent infringement suit in a U.S. court, he has many advantages because of huge expenses and other burdens incident to litigations, as well as the high incident of judgment in favor of the plaintiff. For this reason, American patentees collect a large amount in royalty by first bringing a suit and then reaching an out-of-court settlement through arbitration or negotiation. Our companies are in a very weak position in this kind of patent suit.

At the same time, there are other factors that stand in the way of introducing foreign technologies. The increasing tendency toward the protection of technologies in advanced countries, their reluctance to transfer technologies in fear of the boomerang effects, and their tightened regulatory controls on illicit usage of their technologies are holding down the transfer of high technologies from these countries.

Speaking of the introduction of high technologies eligible for tax reductions or exemptions, not only the absolute number of high technologies introduced from abroad but also their ratio to the total number of technologies introduced have been on the decrease since 1989. This trend is not limited to the electronic information industry, but it is common in all high technology-intensive industries such as the chemical and machine industries, raising fears that the whole development of our high-tech industries may be impeded.

The trend toward increasing protection of intellectual property rights may in the long run have some positive effect on building the foundation for nurturing our ability to develop our own technologies by encouraging inventions and creativity, but in the short run it could weaken the competitiveness of our enterprises and threaten their productive activity itself. Nothing is more urgent in producing positive results in the development of technologies in the long run amid the worldwide tendency to step up the protection of intellectual property rights than the establishment of a system for the effective management of technological development efforts and intellectual property rights.

To effectively cope with not only the offensive of advanced countries for the protection of intellectual property rights but also the tendency toward technological diffusion, it is imperative to create an atmosphere conducive to undertaking joint development of technologies and technological exchanges among enterprises. It is necessary to expand economies of scale by promoting cross-licensing or patent-pooling that enables our enterprises to share patents with each other. Moreover, in strengthening enterprises' ability to develop their own technologies to cope with the ever-widening technological competition throughout the world and the reluctance of advanced countries to transfer technologies, it is imperative to promote the globalization of R&D through strategic tie-ups with foreign firms because an expansion of indigenous R&D activities is not enough.

In increasing effectiveness in developing technologies, effective technological guidance is as important as investment in R&D. It is necessary to build a technological information exchange system by which technological information held by government organizations and private firms in advanced countries can be speedily obtained and disseminated, and to increase opportunities for our researchers to conduct researches overseas for the promotion of effective technology transfers and the better assimilation and improvement of transferred technologies.

In addition, efforts must be made to arouse the interest of our enterprises in patents and encourage them to

become patentees. In coping with the tendency among firms in advanced countries to protect their intellectual property rights, it is necessary to make our firms become familiar with the laws on intellectual property rights so that they may build the foundation for an effective management of intellectual property rights. On the organizational plain, it is necessary to bring each firm's department that deals with intellectual property rights directly under the control of the highest executive officer and integrate and systematize the handling of intellectual property rights in such a way that they can be managed in the company in a systematic manner.

High-Tech Transfers Eligible for Tax Exemption

Year	Industry	Japan	U.S.	3 European Nations	Others	Total
1989	Chemical	1/48 (2)	8/55 (15)	3/27 (11)	5/20 (25)	17/150 (11)
	Electric, electronics	38/96 (40)	46/97 (47)	9/21 (43)	4/13 (31)	97/227 (43)
	Machine	40/101 (40)	12/26 (46)	7/15 (47)	8/16 (50)	67/158 (42)
	Others	12/98 (12)	7/66 (11)	7/38 (18)	2/26 (8)	28/228 (12)
Total		91/343 (27)	73/244 (30)	16/101 (26)	19/75 (25)	209/763 (27)
1991	Chemical	1/48 (2)	8/26 (15)	2/20 (10)	0/11 (0)	7/105 (7)
	Electric, electronics	5/60 (8)	27/80 (34)	2/17 (12)	5/14 (36)	39/171 (23)
	Machine	14/97 (14)	5/22 (23)	10/27 (37)	1/50 (20)	30/151 (20)
	Others	0/72 (0)	1/37 (3)	2/22 (9)	2/24 (8)	5/153 (20)
Total		20/277 (7)	37/165 (22)	16/86 (19)	8/54 (15)	81/582 (14)
1992	Chemical	1/28 (4)	2/23 (7)	0/10 (0)	1/12 (8)	5/73 (7)
	Electric, Electronics	16/82 (19)	29/80 (36)	3/12 (25)	1/20 (5)	49/194 (25)
	Machine	8/93 (9)	10/28 (36)	10/36 (28)	3/20 (15)	31/177 (18)
	Others	1/29 (3)	4/32 (13)	0/16 (0)	1/12 (8)	6/89 (7)
Total		26/232 (11)	45/163 (28)	13/74 (18)	6/64 (9)	91/533 (17)

Source: Finance Ministry, "Register of Technology Introduction Agreements" (1989-1992)

Footnotes

1. Three European countries are: The United Kingdom, France, and Germany. 2. The numerator and denominator in each fraction indicates the number of tax-reducible high technologies introduced and the total number of technologies introduced, respectively. (Figures in parentheses denote the ratio between these two.

Government Agrees To Open Auto Market to Europe

SK0807021094 Seoul YONHAP in English 0151 GMT 8 Jul 94

[Text] Seoul, July 8 (YONHAP)—South Korea agreed to open wider its market to European automobiles under the same import conditions as the United States in high-level trade talks here Friday.

This means lowering the customs tax from 10 to 8 percent, unifying the acquisition tax at 2 percent regardless of the original price, and allowing television advertising as well as more and larger showrooms. An Ho-yong, director of the International Trade III Division, said after two days of talks.

The two sides agreed to negotiate exempting prior testing requirements to find out how many of the test areas coincide with South Korean regulations, he said.

Moreover, the date of this year's South Korea-European Union (EU) ministerial meeting was set for Oct. 24 in Brussels.

The lowering of the acquisition tax, which was as high as 15 percent for cars costing 70 million won or higher, will benefit the EU more than the United States since the majority of autos in the 70 million won and up bracket come from Europe.

Chong Ui-yong, director-general of International Trade, and Simon Nuttall, chief of the Asia Department at the EU Commission, went over issues of common concern including conclusion of a basic relations pact and extension of the EU's Generalized System of Preferences (GSP) for Seoul.

They agreed to hold sectoral talks on automobiles, agricultural products, maritime issues, government procurement and customs whenever necessary, An said.

ASEAN Third Largest Market for Exports

SK0507032394 Seoul YONHAP in English 5 Jul 0104 GMT 94

[Text] Seoul, July 5 (YONHAP)—The Association of Southeast Asian Nations (ASEAN) has emerged as the third largest export market for South Korea, Trade, Industry and Energy Ministry officials said Tuesday.

Korea's exports to ASEAN from January through May this year totaled 4,286 million U.S. dollars, showing a 15.2-percent increase over the same period last year.

Meanwhile, the European Union (EU), which had taken the third highest amount of Korean exports after the United States and Japan, was shoved into fourth place behind ASEAN with 3,914 million dollars, or up 14.1 percent from the like period a year earlier.

The jump in Korean exports to ASEAN resulted from growing demand for development projects, in contrast to the EU's business slump.

During the same period, Korea's exports to the United States and Japan tallied 7,618 million dollars and 4,901 million dollars, respectively.

A ministry official said ASEAN is likely to remain Korea's third largest export destination for the entire year as the EU is imposing more restrictions on imports such as the suspension of GSP (Generalized System of Preferences) status for Korean textile goods and anti-dumping lawsuits against heavy construction equipment.

Samsung Trading Company Hits \$10 Billion Mark

SK0507040194 Seoul THE KOREA HERALD in English 5 Jul 94 p 7

[Text] Samsung Corp. became the first Korean trading company to hit the \$10 billion mark in exports for a one-year period.

The trading arm of the Samsung Business Group will receive an award for this landmark feat from the government on Trade Day, which falls on Nov. 30, a corporation official said yesterday.

According to a tally compiled for Trade Day citations, the trading company posted exports of \$5.12 billion in the second half of last year, and \$5.36 billion in the first half of this year.

The figure accounted for 12.5 percent of Korea's total exports during the one-year period, the official said.

Samsung set the record 19 years after it was designated as the first general trading company (GTC) in the nation in 1975 when its exports stood at 230 million won. Currently, there are seven GTCs, including Samsung, all affiliated with conglomerates.

The official attributed the record-setting performance to Samsung's new quality-oriented management policy and its efforts to focus on exporting petrochemical and heavy-industry products.

Samsung Group Chairman Yi Kon-hui last year came up with the quality-oriented management drive which puts emphasis on enhancing the quality of Samsung products.

Samsung was also able to surpass the \$10 billion mark, thanks to its sustained efforts to "upgrade" the contents of exports items, he said.

Since 1977, Samsung has been striving to raise the ratio of petrochemical and heavy-industry products among its total of exported items.

Heavy-industry and chemical products took up 48 percent of its total exports in 1977 but the ratio surged to 92.6 percent during the July 1993-June 1994 period, the official said.

Prime Minister: No Abolition, Revision of NSL

SK0507020294 Seoul THE KOREA HERALD in English 5 Jul 94 p 2

[Text] Prime Minister Yi Yong-ok yesterday reaffirmed the government's stated position that it will neither abolish nor revise the controversial National Security Law (NSL).

"At present, it is not desirable to discuss the revision of the security law because North Korea has yet to show any change in its policy to communize South Korea," Yi told parliament.

The law, describing the North as an anti-state organization, bans South Koreans from making contacts with North Koreans without government permission and from engaging in activities that favor of the Pyongyang regime.

Opposition politicians have raised the need for the revision of the tough law, saying it had been abused in its use to suppress dissidents under the former military-backed governments.

The controversy surrounding the law, which dissidents say is a product of the Cold War, was rekindled when South and North Korea agreed last week to hold a

presidential meeting later this month, the first inter-Korean summit since they were divided in 1948.

"The government will consider the revision of the law in a forward-looking manner if the inter-Korean summit produces tangible results such as steps to ease tensions on the Korean Peninsula and to heal the long feud between the two Koreas," the premier said.

He was responding to lawmakers' queries on the first day of the interpellation session on politics.

In addition, Yi said South and North Korean Presidents will discuss all inter-Korean issues including the nuclear standoff and the reunion of separated families during the summit talks.

He also sought suprapartisan efforts for the summit, saying that a pan-national support is needed in order for the meeting to obtain good results.

Before the prime minister's speech, ruling and opposition lawmakers asked the government to make every effort to prepare for the summit in order to draw a guarantee from the North that it will faithfully observe the 1991 inter-Korean basic accord and denuclearization declaration.

Rep. Kwon Hae-ok of the ruling Democratic Liberal Party (DLP) said the summit should serve as an opportunity to settle the issues of the North's nuclear transparency, the reunion of separated families and the inter-Korean economic cooperation.

Rep. Yu Chun-sang of the opposition Democratic Party (DP) said the government should seek ways to ensure a peaceful co-existence between the two Koreas.

He also called on the government to form the so-called pan-national consultative body on unification in which he said representatives from all walks of life will participate in order to pool ideas concerning unification policies.

Another DP lawmaker, Kim Chung-cho stressed the need for the government to withdraw its policy of linking the North's nuclear issue with inter-Korean economic cooperation.

DP lawmaker Kim Chong-wan found fault with the government's way of handling the labor dispute, saying that it has resorted to force to settle such issues as shown in the recent strike by train and subway workers.

But some ruling party lawmakers expressed deep concern that radical left-leaning forces might have infiltrated into labor circles to instigate labor unrest.

Rep. Kwon claimed that some radical activist students have transformed themselves into forward players in order to foment revolution in South Korea.

DLP lawmaker Ham Sok-chae said, "We can't say that there are no behind-the-scene forces in the recent violent demonstrations and strikes."

Labor Ministry Expects Early Dispute Settlement

SK0807050494 Seoul YONHAP in English 0412 GMT
8 Jul 94

[Text] Seoul, July 8 (YONHAP)—Pending labor disputes at major enterprises are likely to near settlement by July 20, five days before the opening of the inter-Korean summit talks in Pyongyang.

This optimistic forecast is based on the recent dramatic settlement of the strike at Hanjin Heavy Industries Co. and the impending pay-raise agreements between labor and management at Kia Motors Corp. and Asia Motors Co.

The Labor Ministry said Friday the settlement of the Hanjin labor dispute, after similar results at Halla Engineering and Heavy Industries Co. and Daewoo Shipbuilding and Heavy Machinery Ltd., would have a positive effect on the 15-day labor strike at Hyundai Heavy Industries Co.

In addition, the Kia and Asia Motor Companies have completed their collective agreements between labor and management, with the green light for early settlement to wage increase negotiations on the way.

In light of the Hyundai labor strike's duration, the government is ready to take stern measures including the invocation of an emergency decree as the strike is feared to adversely affect other labor disputes taking place at other companies.

The Hanjin Labor Union on Thursday ended its 11-day strike staged on LNG carriers through a compromise with management, shortly before the arbitration announcement of the Pusan Provincial Labor Affairs Committee.

The labor union of Daewoo Shipbuilding and Heavy Machinery is also expected to opt for a temporary labor-management agreement on a pay rise and collective bargaining at Friday's vote by union members.

Former Democratic Republican Party Chairman Dies

SK0407105694 Seoul YONHAP in English 1019 GMT
4 Jul 94

[Text] Seoul, July 4 (YONHAP)—Chon Ye-yong, one time acting chairman of the Democratic Republican Party led by President Pak Chong-hui, died of senile infirmity on Monday. He was 84.

Chon, who studied at Kyushu Imperial University, worked at the government, Bank of Korea and the ruling Democratic Republican Party before he retired from politics in 1980.

The key posts he held included Foreign Ministry trade bureau chief, vice Seoul mayor, Bank of Korea governor, rehabilitation minister, construction minister and acting DLP chairmanship.

Financial Groups Business Barriers Attacked

SK0507033494 Seoul THE KOREA TIMES in English
5 Jul 94 p 9

[Text] The government has embarked on a program to tear down business barriers among financial institutions by permitting 11 leasing companies to handle foreign exchange business, which has long been monopolized by banks.

The Ministry of Finance [MOF] said from this month, 11 out of the 25 specialized leasing firms will be able to borrow foreign loans in overseas financial markets to finance the import of foreign machinery and equipment they lease to local manufacturing companies.

The 11 include Korea Industrial Leasing, Korea Development Leasing, First-Citicorp Leasing Inc., Hanil Leasing, Citizens National Bank (CNB) Leasing, Pusan Leasing, Taegu Leasing, Chu Hung Leasing, Korea Exchange Bank (KEB) Leasing and Hammi Leasing, the MOF said.

These leasing companies no longer need to rely on banks or merchant banks to borrow foreign loans and they will be able to lower fees to lessees.

The MOF also allowed credit card companies to apply for licenses as foreign exchange business agencies. Plastic card firms are able to reexchange funds within the amount of foreign currency sold to non-residents.

Another indication pointing to a gradual breakdown of business barriers in the financial market is the recent government's decision to allow banks to issue bills, thus cornering investment and finance firms which have long played a dominant role in the bill issuing market.

From the middle of this month, the state-run Korea Housing Bank will lose its long monopoly in the housing finance business because all banks will be able to deal in long-term deposit-taking and lending services linked to housing purchases.

Burma

Khin Nyunt Chairs Meeting on Development

BK0707133994 Rangoon Radio Burma in Burmese
1330 GMT 6 Jul 94

[Excerpts] The coordination meeting no. 2/94 of the Work Committee for the Development of Border Areas and National Races [WCDBANR] was held at 1400 this afternoon at the meeting hall of the Ministry of Progress of Border Areas and National Races and Development Affairs. Lieutenant General Khin Nyunt, chairman of the WCDBANR and secretary-1 of the State Law and Order Restoration Council [SLORC], attended the meeting and delivered an address.

Khin Nyunt explained that the meeting was the second for the year and noted that SLORC, with the aim of national reconciliation, has invited armed groups from the jungles to return to the legal fold in Loikaw and Bawlake region in Kayah State and Thabyuzayat, Ye, and Kawkaireik regions in Karen State. He said prior to the invitation, nine armed groups have returned to the legal fold since 1989. He noted the KIO, Kachin Independence Organization, and the KNPP, Karenni National Progressive Party, returned to the legal fold after realizing the genuine goodwill of the national leaders and with the cooperation of responsible persons, who desire peace and tranquility. He clarified that 11 armed groups have surrendered so far and talks are being held for the remaining armed groups to return to the legal fold. Khin Nyunt said as more armed groups return to the legal fold the government has the duty to develop the region where they reside and fulfill their social and economic needs including food, clothing, and shelter for their families. [passage omitted on development issues]

The secretary-1 noted regarding the reduction of drug production, discussions have already been held at the ministry of progress of border areas and national races and development affairs, for effective crop substitution programs in the Kokang and Wa regions. He declared the defense services has considered the fight against narcotics as a national duty and explained its courageous and daring actions, with the loss of many lives, in the war against drug warlord Khun Sa. Khin Nyunt described broadly that no cooperation was received from the so-called big countries that are supposed to be in the forefront in the fight against drug kingpin Khun Sa in the eradication of narcotics. He explained the allegations of those big countries in trying to degrade the utmost efforts of Myanmar [Burma]. Khin Nyunt next remarked on the review of activities of various subcommittees. [passage omitted on meeting proceedings]

Next, SLORC Secretary-1 Khin Nyunt, in his closing address, noted Kyat 2 billion has already been used in the five-year period, for the development of border areas and national races. He urged the work subcommittees and regional work committees to implement the activities in accordance with the master plan, which has already been approved by the Central Committee for the

Development of Border Areas and National Races. Khin Nyunt explained that the current activities for the development of border areas and national races are being realized with the two objectives—regional development and eradication of drug cultivation and production. He noted the need to increase media coverage of the exceptional success in implementing regional development work of border areas and national races. He finally urged full cooperation from all in accordance with the master plan for the development of border areas and national races. The meeting ended at 1900.

Dissidents Affirm Support for Aung San Suu Kyi

BK0707163294 Hong Kong AFP in English 1055 GMT
7 Jul 94

[Text] RANGOON, July 7 (AFP)—Eight dissidents who surrendered to the military government last month told an officially-sanctioned news conference Thursday that they still backed Aung San Suu Kyi as their leader. The eight, elected to parliament as candidates of Aung San Suu Kyi's National League for Democracy (NLD), which swept the May 1990 elections, went underground when the junta refused to recognize the vote results and cracked down on the opposition.

Asked about their attitude to Aung San Suu Kyi, the Nobel Peace laureate who has been under house arrest in Rangoon since July 1989, dissident spokesman Kyaw Maung said: "We consider her our legitimate leader."

There was no reaction from government members present at the news conference, organized by the information committee of the State Law and Order Restoration Council (SLORC), the official name of the ruling junta.

The eight, who formed the nucleus of the northern NLD underground group based at Pajao, the former ethnic Kachin rebel headquarters on the border with China, said they did not know whether they would support the current NLD leadership, which is taking part in a national constitutional convention.

"We lost contact with the present NLD leadership for the past three years and we do not know what their aims and objectives are," Kyaw Maung, a 51-year-old former teacher, said.

The dissidents said they had renounced revolution and now intended to work with the military government for peace and development. They said they had returned to Burma partly because of the government's ceasefire agreement in February with the Kachin Independence Organization, which had been their sole source of sustenance.

They were also disillusioned with the NLD exile organization operating at the Thai-Burma border, he said, adding that they "came to the realization that our actions were causing untold misery to the people we were supposed to represent."

Kyaw Maung said all eight had been fully "pardoned" and would soon join their families after having spent a month being de-briefed at a military intelligence base here.

The deputy director of military intelligence, Colonel Kyaw Win, said they would be flown out of Rangoon to their homes on the first available flight.

Members of the Rangoon-based correspondents association attended the news conference at national radio-television headquarters. The information minister, Brigadier General Myo Thant, presided.

Six of the dissidents—Nang Gam, Yaw Si, Maphan Seng, Kya Mya, Kyaw Maung and Thein Aung—were elected from the Kachin state and two—Win Swe and Ba Win—from adjoining Sagaing division.

Brunei, Malaysia & Singapore

Malaysia

Cambodia's Chakkrapong Allowed To Stay Temporarily

BK0807093994 Kuala Lumpur NEW STRAITS TIMES in English 7 Jul 94 p 1

[Excerpt] Kuala Lumpur, Wed.—The Cabinet today decided to allow Cambodian Prince Norodom Chakkrapong to continue staying in Malaysia until further word from the Cambodian Government. Chakkrapong arrived here on Sunday following an aborted coup d'etat.

Deputy Prime Minister Datuk Sri Anwar Ibrahim said the Malaysian Government had to seek the views of both King Norodom Sihanouk and the co-Prime Ministers of Cambodia on the position of the prince "before we can decide on the next course of action." He said he had received a letter today from Chakkrapong saying that he was not involved in the coup attempt.

"This is something we will have to study and we will contact the Cambodian authorities to get their views before making any decision," he told reporters after the opening of the World Tourism Organization seminar on Challenges for East Asia and the Pacific Region Up to the Turn of the Century at the Pan Pacific Hotel.

Anwar said he wished to clarify that King Sihanouk had requested Prime Minister Datuk Sri Dr. Mahathir Mohamed last year that his son, Chakkrapong, be allowed to stay in Malaysia.

"Dr. Mahathir granted the permission but without providing any special facilities for the prince. Under his arrangement, he has been coming and going freely since last July." He said Chakkrapong entered the country under the same arrangement.

Asked whether his stay would be prolonged, Anwar replied that this would depend on the views of the Cambodian Government.

On whether Chakkrapong was involved in the aborted coup as claimed by the Cambodian Government, he said: "We are waiting for confirmation."

"There has been part confirmation and part denial. We are in no position to confirm this. We will have to get a firm and categorical statement (on the matter) from the Cambodian authorities."

Asked whether any Malaysian leaders had contacted the Cambodian Government on the matter, he said: "We are making contacts through the normal channels and they will respond accordingly. I don't think this is an issue."

On whether Malaysia would still allow Chakkrapong to stay here if there was confirmation that he was involved in the coup, Anwar replied: "Let us first get the confirmation. I do not think it is proper to prejudge his involvement."

He also declined to reveal the prince's whereabouts and merely said: "He is in Malaysia."

Chakkrapong left Phnom Penh on Sunday after a coup attempt which was foiled by government troops. Hours after about 200 heavily-armed troops were stopped entering the capital, Chakkrapong was taken to Phnom Penh airport and put on a Malaysia Airlines flight to Kuala Lumpur. [passage omitted]

Defense Minister Speaks About Visit To U.S.

BK0707110394 Kuala Lumpur NEW STRAITS TIMES in English 6 Jul 94 p 4

[Text] Kuala Lumpur, Tues.—Defence Minister Datuk Sri Najib Abdul Razak has described his 10-day visit to the United States as fruitful in enhancing defence and bilateral cooperation between both countries. Briefing reporters at his office at Wisma Pertahanan [Ministry of Defense] here, Najib said he had discussed the role of the US in regional security during his meeting with US National Security Adviser Anthony Lake and Secretary of Defence William Perry. He said they agreed that the US military's post Cold War-era role should be directed towards providing access to military facilities in the region, rather than mere physical presence.

"This would pave the way for us to gain technological know-how and increase our capability in maintaining the security of the region," he said.

Najib also said he had conveyed Prime Minister Datuk Sri Dr. Mahathir Mohamed's invitation to US President Bill Clinton to visit Malaysia.

On the reported rejection by the US of the East Asia Economic caucus (EAEC), proposed by Malaysia, he said dialogue on the matter should be pursued to explain and convince the Clinton administration that the EAEC

would not be a threat to American interests in the region or the Asia Pacific Economic Co-operation grouping.

"They must be convinced that the EAEC is merely a loose consultative forum to discuss economic issues of mutual concern and not a grouping representing a 'united East Asia'," he said.

On industrial co-operation between Malaysia and the US, he said there was large potential in the sector for US investors to come in.

"Under our agreement for the purchase of the McDonnell Douglas F/A-18 Hornets there is an offset programme worth U.S.\$250 million (RM [Ringgit Malaysia] 637.5 million).

"Currently, only one program has been approved by the government, which is the transfer of technology for the 'Rapid Prototyping Machine' to allow the design and prefabrication of parts," he said. Under the programme, McDonnell Douglas will undertake the set-up of the rapid prototyping center at the Standards and Industrial Research Institute of Malaysia (Sirim) in Shah Alam. This technology involves the use of computers to design the components according to the technical requirements and the data is fed directly to the manufacturing machine.

Enhanced Defense Ties With U.S. Urged

BK0707121594 Kuala Lumpur Voice of Malaysia in English 0810 GMT 7 Jul 94

[Station commentary]

[Text] Defense Minister Datuk Sri Najib Tun Razak's just concluded visit to the United States has paved the way for greater bilateral ties between the two countries. Although two-way trade and investment linkages and cooperation are at a satisfactory level, the scope can now be enhanced to include defense. This could take the form of technology transfer, exchange of defense information and access, the state of the arts training. This would help Malaysia in its efforts to modernize its defense capability. Its recent purchase of aircraft from both the United States and Russia means it will get a better know-how of aviation technology. In the long run, such knowledge will help it to manufacture aircraft components locally. The beefing up of its defense capability will also help Malaysia in maintaining regional security.

This is a better alternative than the U.S. having a physical presence in the region with the end of the Cold War. In fact, America's argument that it needs to have a permanent military base in the Asia-Pacific region no longer holds water. U.S. presence should, however, be based on joint access to facilities in the region based on the principles of mutual benefits. It is also admitted that countries in the region are able to determine their own destiny. They can solve problems themselves. [Words

indistinct] by others will only serve to increase tension. After all, Asia-Pacific countries are deeply committed [break in transmission].

Here in Malaysia, foreign investment incentives are attractive. However, its economic and political stability provides the greatest attraction to any foreign investors.

Besides, there are many areas for greater cooperation between the U.S. and Malaysia. There are key advantages for American manufacturers. But they should act fast. There is a lot to be gained by both parties by taking bilateral ties a step further.

*** Mahathir Offers Assistance to Turkmenistan**

94SE0158D Kuala Lumpur BERITA HARIAN in Malay 31 May 94 p 3

[By Faizal Fadzil]

[Text] On 30 May Prime Minister Mahathir Mohamad offered a number of Malaysian experts to provide assistance to Turkmenistan in the framework of "South-South" cooperation to develop the economy of that country.

The prime minister made the offer to Saparmurat A. Niyazov, the president of Turkmenistan, when they met at the Office of the Prime Minister in Kuala Lumpur on 30 May.

Abdul Halim Ali, first deputy chief secretary of the Malaysian Ministry of Foreign Affairs, informed reporters after the meeting that the principal objective of the former republic of the Soviet Union is to study Malaysian experience in the management of economic development and the privatization of industry.

Abdul Halim Ali said: "This is because they have just been independent for three years and are trying to establish a free market economy. For that reason they want to study our experience as much as possible." He continued: "Therefore, Dr. Mahathir offered them an opportunity to study Malaysian experience and also invited Turkmenistan officials to visit this country."

He said: "The prime minister also offered training assistance under the Malaysian Technical Cooperation Program (MTCP) in the fields of administration and banking and several other forms of help which could assist Turkmenistan to continue to make progress in strengthening its economy."

President Niyazov, who led a delegation of 45 persons, arrived in Kuala Lumpur on 30 May for a three-day visit. The delegation included five deputy prime ministers, five cabinet ministers, and six chiefs of region in Turkmenistan. After meeting Dr. Mahathir they attended a bilateral conference which lasted almost two hours.

To strengthen cooperative ties between the two countries, five 373 bilateral agreements were signed. The

agreements included: an economic, scientific, and technical cooperation agreement; a trade agreement; an agreement for encouraging and protecting investment; an agreement on canceling half of the existing visa requirements; and an agreement on handling trade payments.

The first four agreements were signed by Acting Minister of Foreign Affairs Abu Hassan Omar and by the four deputy prime ministers of Turkmenistan: Rizaeva Abad Sakhatovna, Saparov Rejep Saparovich, Sarjaev Batyr Kurbanovich, and Shikmuradov Boris Orazovich.

The agreement on handling trade payments was signed by Ahmad Mohamad Don, governor of the Bank Negara [State Bank of Malaysia], and Khudaiberdy Artykovich, chairman of the Central Bank of Turkmenistan.

According to Abdul Halim Ali, the agreement on the cancellation of half of the visa requirements, the first to be signed with a former republic of the Soviet Union, permits people from the two countries to visit Malaysia and Turkmenistan without visas for two weeks for tourist purposes and three months for trade purposes.

Double Taxation Avoidance Accord With Taiwan

BK0707122794 Kuala Lumpur BERNAMA in English 0941 GMT 7 Jul 94

[Text] Kuala Lumpur, July 7 (OANA-BERNAMA)—Malaysia and Taiwan have signed an agreement on double taxation exemption recently for investors from both countries, Minister of International Trade and Industry Rafidah Aziz said Thursday. Investors from the two countries now need not worry about being taxed twice by their respective government when they take their profits back home, she said during a dialogue session with participants of a seminar on investment. Some 400 Taiwan investors in Malaysia, who are operating in small, medium as well as big industries, have greeted the announcement with a great relief.

*** \$64 Billion in Telecom Investment Predicted**

94SE0146B Kuala Lumpur BERITA HARIAN in Malay 24 May 94 p 8

[Text] It is expected that more than 140 billion ringgits [\$64 billion] will be invested in the telecommunications industry in Malaysia over the next 12 years.

Tajudin Ramli, a director and executive chairman of Technology Resources Industries, Ltd (TRI), said that this investment is only to prepare the ground infrastructure and does not include installations in space. He said that this calculation is the result of research by the strategic planning unit of Cellular Communications Network Malaysia, Ltd (CELCOM), based on the decision by the government to make available 45 telephones for every 100 persons living in Malaysia.

Tajudin Ramli said: "This large investment is needed to finance all of the planning needed to be done before

2020. Furthermore, the research and construction activity, as well as the increase in population, need to be taken into consideration."

He continued: "This situation opens up many major opportunities and prospects for the capital market. In any case financial institutions which will play the principal role in industrial development need first of all to consider the dynamic character of this sector." He made this statement when he was presenting a working paper at the 27th international plenary consultative meeting of the Pacific Basin Economic Council (PBEC) in Kuala Lumpur on 23 May.

His working paper was entitled, "Prospects, Challenges, and Commercial Opportunities in Telecommunications: a Malaysian Perspective."

The telecommunications industry is based on technology and provides an opportunity and potential for developing business on its own. Ramli said that because technological equipment is the principal component in the telecommunications sector, everyone concerned needs to be aware of the great need for advanced products. He said that the components industry in Malaysia furnishes between 60 and 85 percent of the cost of the telecommunications system.

According to Tajudin Ramli, the components industry in Malaysia is still new, and this provides many opportunities for growth in this subsector. This is among the important factors that must be considered.

Tajudin said that the unexpected and dynamic growth of this industry in Malaysia is not unique. On the other hand, he said, Malaysia is a little different from the countries surrounding it, which are more orderly from the point of view of needs and priorities. He said: "As a country Malaysia is not unaware of its needs for strategic communications and welcomes outside investment in several aspects of its development."

*** Use of Skyhawks Discontinued Beginning 1 Jun**

94SE0158A Kuala Lumpur BERITA HARIAN in Malay 2 Jun 94 pp 1, 2

[Article by M. Thillinadan]

[Text] Kuala Lumpur, 1 June—Operations involving the use of the A-4 Skyhawk, a light fighter aircraft which has caused considerable controversy in the Royal Malaysian Air Force (TUDM), were halted, beginning 1 June. Following this decision it is expected that all 32 A-4 aircraft in Squadrons 6 and 9 at the TUDM air base in Kuantan will be sold to whomever is interested.

Abdul Ghani Aziz, commander of the Royal Malaysian Air Force, said that the Skyhawk aircraft, which was manufactured by the McDonnell Douglas Corp in the United States, is obsolete and would be too expensive to modernize.

Abdul Ghani Aziz said: "All tasks of the Skyhawk squadrons in Kuantan will be taken over by 28 Hawk 100 and 200 aircraft which were purchased from British Aerospace. All pilots who flew Skyhawks were also ordered to cease operations using them, beginning 1 May."

After attending the celebration of the 38th anniversary of the establishment of the Royal Malaysian Air Force in Kuala Lumpur on 1 June he told reporters: "The former Skyhawk pilots will be assigned to the Royal Malaysian Air Force base in Butterworth [Penang] for familiarization training on Hawk fighter aircraft."

Malaysia purchased 88 Skyhawk aircraft from the United States Navy in 1984, 35 of which are still parked on the ground in the Arizona desert in the United States. An additional 40 Skyhawks were modernized at a cost of 320 million Malaysian ringgits.

The Skyhawk, a Vietnam war era fighter, created a controversy after eight of the 40 aircraft which were modernized crashed during the past 10 years. The most recent crash of a Skyhawk jet occurred on 9 July 1993 at Pancing Timur Airfield in Pahang.

Abdul Ghani said that the purchase of the Skyhawks was not a waste of money and served the original objective, because they were purchased for operations over a period of 10 years (1984-1994). They were used to train many fighter pilots for the Royal Malaysian Air Force.

He said: "All 32 of the aircraft are now parked at the air base in Kuantan, and the government may sell them to any interested country. However, the government has decided to sell the aircraft located in Arizona first."

According to Abdul Ghani, the British Aerospace Hawk is a more modern aircraft which is equipped for attack and defense and has an automatic pilot and radar. This aircraft is also suited to take over the role formerly performed by the Skyhawks. However, Abdul Ghani did not deny the possibility that the Skyhawks would be used again if the circumstances require, particularly to deal with an attack or in a time of crisis.

Regarding the tasking of the eight F-18 Hornets which were purchased from McDonnell Douglas, Abdul Ghani said that they will be used as maritime escort fighters.

Asked whether this number is sufficient to protect Malaysia's extensive territorial sea and islands, he said that the F-18 will have a variety of modern weapons to serve as a very suitable interceptor and attack aircraft.

He said: "We need to undertake long-term research as to whether that number of aircraft is enough, based on its capabilities and our needs. And we need to request additional aircraft, if necessary."

He continued: "F-18 pilots will undergo basic training using British Aerospace Hawk aircraft. Royal Malaysian Air Force technicians will be sent to the United States for further training on the latest technology and techniques

involved in using this aircraft." He said eight Royal Malaysian Air Force personnel have been assigned to the F-18 project. Led by Lt Col Mohammed Hisham Yahya, they will leave for the United States on 20 June to make sure that all of the specifications of the contract are met.

Meanwhile, when Lieutenant Colonel Hisham was contacted by reporters, he said that his group is composed of two pilots, four flight engineers, and two logistics specialists. They will be stationed in Washington, DC, St. Louis, and Philadelphia.

Hisham said: "We plan to remain in the United States until all eight aircraft on order arrive in Malaysia. Our objective is to make sure that the purchase contract is honored."

According to Hisham, from now until the middle of 1996 a group of 87 technicians will be sent to California to take a familiarization course on this aircraft, in cooperation with the United States Navy. He said that all F-18 pilots will be trained in Malaysia. In that connection the Royal Malaysian Air Force is requesting that three United States Navy personnel be sent to train them in Malaysia.

Singapore

Minister Reiterates Non-Linkage of Trade, Rights

BK0707133794 Singapore Singapore Broadcasting Corporation in English 1100 GMT 7 Jul 94

[Text] NTUC [National Trade Union Congress] chief and minister without portfolio Lim Boon Heng says some developed nations fail to understand that trade cannot be linked to human rights issues in developing countries. It is only when workers have jobs and enjoy a rising standard of living can they make progress in the rights and works conditions. Developed countries should help those less developed by investing in them and allowing free trade.

Imposing trade restrictions, Mr. Lim noted, only creates more unemployment and presents the very pursuit of labor rights which developed countries are proposing.

Mr. Lim was addressing about 70 trade union leaders from 16 Asia-Pacific countries at the regional (?TUARO) conference today. (?TUARO) is the Asia-Pacific Organization of the International Textiles, Garments, and Labor Workers Federation which groups together trade unions in the related industries from the region.

Cambodia

Assembly Passes Bill Outlawing Khmer Rouge

First Article Passed 7 Jul

BK0707104194 Phnom Penh AKP in English 1015 GMT 7 Jul 94

[Text] Phnom Penh AKP July 7—The National Assembly agreed Wednesday one of eight articles in a bill to outlaw the Khmer Rouge.

The first article, which simply declared that the Khmer Rouge were outlawed, was adopted without dissent.

The other articles contain a series of measures, including the power to arrest members of the radical faction, sentence them to prison terms ranging from 20 years to life and to confiscate Khmer Rouge assets.

Amendments to the bill have also been proposed in order to guarantee the rights of the innocent people.

The amendments also stipulate that the law be suspended if the Khmer Rouge agree to an unconditional cease-fire.

Entire Bill Adopted

BK0807060294 Phnom Penh AKP in French 0406 GMT 8 Jul 94

[Text] Phnom Penh 8 Jul (AKP)—The National Assembly of the Kingdom of Cambodia yesterday, Thursday, with all 103 members present, unanimously voted to adopt an official legal text outlawing the Khmer Rouge group.

The latter signed the Paris agreement on a comprehensive political settlement of the Cambodian conflict on 23 October 1991. However, the Khmer Rouge have not abided by their main pledges, particularly abiding by the cease-fire, opening their zones, disarming and demobilizing their forces, and having respect for human rights. They continue to launch attacks against members of UNTAC (UN Transitional Authority in Cambodia) and against Cambodians. They did not take part in the election and, since the election, continue their terrorist acts, massacres, and banditry. They continue to lay mines, assassinate civilians, illegally occupy part of the territory, sell national resources, and disregard the Kingdom of Cambodia's Constitution.

The text, consisting of 10 articles, stipulates that "the Democratic Kampuchea group and its armed forces are outlawed." Political and military members of Democratic Kampuchea are considered as contravening the constitution and all laws of the Kingdom of Cambodia. They will be arrested by competent authorities and tried in court, the text says.

For homicide, rape, looting, and destruction of state property, the culprits will be punished by the penal code and existing laws.

Secession and inciting people to take up arms against the authority of the royal government will be considered crimes, and the perpetrators will be given a sentence ranging from 20 to 30 years in jail to life imprisonment.

There will be a reprieve of six months after this law takes effect for those who want to return to the authority of the royal government. This amnesty does not apply to Democratic Kampuchea leaders.

The king of Cambodia could exercise his right to pardon the culprits as stipulated in Article 27 of the country's constitution. All property of Democratic Kampuchea and of the culprits inside as well as outside the country that results from the partition and occupation of the country and the exploitation of natural resources will be confiscated as state property.

However, officials or those who make personal benefit from the implementation of this law will be condemned to two to five years imprisonment.

The last article says that this law will be promulgated immediately.

Prime Ministers Call for Calm After Coup

BK0707150894 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 7 Jul 94

["Communique of the Royal Government of Cambodia"; dated 7 July]

[Text] A small group of individuals recently led an abortive coup d'etat to topple the Royal Government of Cambodia [RGC]. It staged the coup by using the pretext of regrouping forces to fight the Khmer Rouge in Phnom Penh. This enabled some low-level forces of the RGC to allow themselves to be deceived by the group.

While the RGC is taking the most patient, peaceful, virtuous, and justifiable measures to crack down on the coup, some people are taking this opportunity to propagandize distortion and threat with different methods, frightening our armed forces, specifically the national police forces in provinces and cities that are under direct control of the Interior Ministry, and making them worry about their fate and that of their families.

In the face of this situation, we—Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers of the RGC—wish to solemnly inform the armed forces and the Cambodian people as follows:

1. The RGC regards the abortive coup led and staged by the small group of individuals on 2 and 3 July 1994 as a brainless maneuver. As for a number of other fellow combatants ordered by the small group leaders to follow them, they only acted under the deception of those men, using the pretext of fighting the Khmer Rouge.

2. The RGC has already taken effective measures to detain the abortive coup leaders. The RGC is clearly

aware that even though some compatriots did take part, they are absolutely innocent because they were ordered by the coup leaders, under the false guise of fighting the Khmer Rouge. For this reason, the RGC wishes to appeal to the general public, all compatriots, specifically the national police forces in Phnom Penh, provinces, and cities across the country to remain tranquil and calm and to continue with their work and businesses as normal. The RGC, implementing a clemency policy, will forgive the misled and deceived compatriots and will not make any further arrest or detention.

3. The RGC wishes to solemnly declare that all kinds of threatening activities conducted by any individual of any rank or position to create apprehension and division will be regarded as direct opposition to the RGC policy. Along with this, the RGC wishes to categorically forbid competent officials investigating the abortive coup to provide information to the media without authorization from the two prime ministers, because the information could be interpreted and commented in a ways that are contrary to fact, thereby causing confusion.

[Dated] Phnom Penh, 7 July 1994

[Signed] Norodom Ranariddh, first prime minister; Hun Sen, second prime minister

Armed Forces Urged To Remain 'Tranquil'

BK0707133194 Phnom Penh National Radio of Cambodia Network in Cambodian 1200 GMT 7 Jul 94

[Text] Prince Krompreah Norodom Ranariddh and Samdech Hun Sen, respectively first and second prime ministers of the Royal Government of Cambodia [RGC], sent a message to the Armed Forces and police on 4 July. The message reads:

A group of men led by Sin Song and Norodom Chakkrapong staged an abortive coup d'etat on 2 July 1994. The group used various justifications to distort reality in order to trick forces in some areas into joining it.

The RGC wishes to inform provincial and municipal administrations and Armed Forces and Police that such action constitutes a grave treason. Therefore, the RGC wishes to take the following measures:

1. Leaders of the coup must be punished;
2. Armed Forces which participated by mistake and because of deception are exonerated. They are urged to remain tranquil and calm;
3. All should be aware that if they are instigated by a move to act against the Constitution, they should never take part.

This message should be disseminated for the knowledge of the Armed Forces and public servants so that they may remain tranquil and calm and have confidence in the RGC's solution.

Sihanouk Denies Any Help for Son Chakkrapong

OW0707150294 Tokyo KYODO in English 1449 GMT 7 Jul 94

[Text] Phnom Penh, July 7 KYODO—Cambodian King Norodom Sihanouk said in a message sent Thursday from Beijing that he cannot help his son Prince Norodom Chakkrapong who has been deported for alleged involvement in an attempted coup. The message, released by the king's palace, said he does not know the truth of the incident and has no power to intervene. It said Chakkrapong, a feuding half-brother of First Prime Minister Norodom Ranariddh, faxed him a letter Wednesday, denying his part in the coup attempt. The king expressed gratitude to Ranariddh for allowing Chakkrapong to leave the country and to Malaysia for accepting him.

Sihanouk is staying in Beijing for treatment of cancer.

Radio Reports Sar Kheng Interview on Coup

BK0807071494 Phnom Penh National Radio of Cambodia Network in Cambodian 0530 GMT 8 Jul 94

[Summary From Poor Reception] Sar Kheng, deputy prime minister and co-interior minister, was interviewed by local and foreign reporters on 8 July at the office of the National Assembly in Phnom Penh. During the interview, Minister Sar Kheng was by asked local and foreign reporters to talk about the recent coup attempt.

Sar Kheng first stated that he could not reveal information on the persons involved in the recent coup attempt, as an investigation is under way. Asked whether Sin Sen, a high-ranking Interior Ministry official, was involved in the attempted coup, Sar Kheng replied that "So far, I have not yet received a clear report showing that His Excellency Sin Sen really took part in staging the coup."

To a question by a reporter who wanted to know the progress of the investigation concerning 14 Thai nationals and the 15th, who escaped, Sar Kheng replied that "the decision to set up an investigation committee was signed yesterday" by the two co-prime ministers and that he "was not not present at the meeting for long."

Answering a reporter's question, Sar Kheng confirmed that the committee investigating the coup is chaired by himself and His Excellency Yu Hockri, co-interior minister.

Regarding a question about the involvement of some Thai nationals, Sar Kheng replied that "there was indeed a former Thai assembly member. According to the preliminary investigation, most of the Thais were civilians and traders. How they were involved, we have not yet established."

When asked about the impact of the investigation and coup attempt on the Cambodian People's Party [CPP], Sar Kheng said he thought "the issue is not that of the

CPP but a matter of individuals. I do not think that this will have a profound influence on the CPP."

A reporter asked about measures the minister is taking to prevent unrest by subordinates of those involved in the coup attempt. Sar Kheng replied: "I hope that from now on, such incidents will not recur."

Replying to a question as to whether more officials would be arrested, Sar Kheng said: "Since the investigation is still in progress, I cannot say who else may be arrested. However, I do not think that there will be any more arrests."

To a question in English by a reporter on the whereabouts of General Long Sopheap, Sar Kheng responded that "Long Sopheap is in the 4th Military Region." When further asked whether there is any plan to arrest Long Sopheap, Sar Kheng laughed and ended the interview, adding that he has been "trying to calm the issue down."

Nine Detained Thais Said To Possess Weapons

BK0707153194 Hong Kong AFP in English 1250 GMT 7 Jul 94

[Text] Phnom Penh, July 7 (AFP)—Nine of the 14 Thai nationals detained in Cambodia following last weekend's abortive coup d'etat were reported to be weapons and telecommunications specialists, co-premier Prince Norodom Ranariddh said Thursday. The prince, however, said he was not in a position to give further details as the person who implicated the nine Thais had fled to Vietnam.

"I cannot say anything while the investigation is going on, we have to wait for one essential witness who fled to Vietnam," the prince said. "That witness told us there are nine Thai specialists in radio communications and weaponry, therefore we need to get him back to check."

Interior Minister Yu Hockri identified the "witness" as Secretary of State for Defence Chay Sang Yung who fled to Vietnam on Sunday following the failure of the coup led by former interior minister Sin Song and Prince Ranariddh's half-brother and bitter foe Prince Norodom Chakrapong. Yu Hockri said the Thais were believed to be snipers or sharpshooters. The minister said the involvement of a 15th Thai, who escaped but whose passport was discovered by the authorities, was suspicious. The passport indicated the 15th Thai was Police Lieutenant Colonel Adun Bunset, a former member of parliament, who has since been reported as missing.

Yu Hockri said the fact that Adun was a former MP was irrelevant, but his status as a high-ranking police officer travelling on an official passport begged questioning.

"The question to ask is whether he has asked for permission from his boss to come to Cambodia because I don't think that anyone as official could leave the country to go anywhere without asking authorisation of absence," he said, adding the Bangkok should clarify this matter.

In Bangkok, the Thai Foreign Ministry, attacking reports of Thai involvement as "entirely groundless," said in a statement Thursday that the 14 Thais were simple civilians with no military training. They were tourists and job-seekers—"electricians, motorcycle taxi riders, tricycle (trishaw or tuk-tuk) riders and one is without an arm"—"induced" by unidentified persons to go to Cambodia for higher wages than they could earn in Thailand.

Yu Hockri, however, said he was not pointing the finger at the Thai government.

"I don't think that it is the official position of the Thais to back up a plot in another country," he said.

The Thai embassy told AFP the reports suggesting the group was composed of hitmen "didn't make sense." The Thais themselves also said they did not do anything wrong, Yu Hockri said. But some of the things they said during investigation were "strange," he added. The Thais, who arrived in Cambodia on Friday to a welcome from Sin Song's secretary, were arrested while trying to leave the country Sunday, Yu Hockri said.

Prince Ranariddh said the group was currently under "hotel-arrest" in the city pending the outcome of the investigation.

Commentary Praises Government for Thwarting Coup

BK0807075894 Phnom Penh National Radio of Cambodia Network in Cambodian 1300 GMT 7 Jul 94

[Commentary: "The Lofty Competence of the Royal Government"]

[Text] Over the past few days an unusual activity was carried out by about 300 troops under the command of Prince Kromkhun Norodom Chakrapong and Sin Song. It was considered by the royal government as an activity creating social confusion and which various media networks have termed an attempt to stage a coup to topple the royal government.

This activity failed less than 24 hours after it was carried out. One ringleader was detained while another was allowed to leave the country immediately. Be that as it may, such a coup attempt in a country that has just emerged from war only creates further danger. To this day, although we have gone through over two decades of war, if we compare the situation in Cambodia we see that it is a better situation than the tragedy in Rwanda, the bloodshed in Bosnia-Herzegovina, and the constant hostility in central Kabul, Afghanistan. Therefore, choosing to stage a coup or attempting to gather forces to carry out hostile activities to seize power through weapons is something that should not be condoned. This is because a coup, no matter where or when it takes place, who stages it, or whether it is a success or failure, has very bad influence for that country.

In particular for Cambodians, who have witnessed and were directly involved in the bitter experience of more than 20 years, this brings back a memory of horror; the shadow of 18 March 1970 is still looming. That coup was the root cause of the war and the establishment of the genocidal regime. It was the root cause of hardship, suffering, and separation of our people. To this day, our people have not yet been reunited with their families.

This coup, although it was thwarted from its beginning, is the worst thing for the nation. It has been exploited by some bad elements to spread propaganda to split the two major political parties that have closely cooperated to lead the country. This activity clearly benefits the outlawed Khmer Rouge.

Currently, the coup initiators have been defeated, and the situation has returned to normal, particularly in Phnom Penh. This means that the Royal Government of Cambodia [RGC] is still in full control of the situation. It is this that reflects the lofty competence of the RGC under the leadership of Prince Krompreah Norodom Ranariddh, first prime minister; and Samdech Hun Sen, second prime minister, who have resolutely defended the people's peace and dealt serious blows to coup attempts.

VGNUFC Says Hun Sen Involved in 'Farcical Coup'

BK0807012694 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Jul 94

[Text] After the Assembly meeting on the so-called bill to outlaw Democratic Kampuchea, Hun Sen was asked by reporters for his farcical coup to prepare for the real coup. Hun Sen tried to refute it but could not. This is because this farcical coup was so flagrant, even children can see it. It is clearly seen through because the person staging this coup was Sin Song. This guy is communist Vietnam's man and is a member of the Communist Party of Vietnam Political Bureau with rank equal to Hun Sen, Chea Sim, and Sar Kheng. The communist Vietnamese have provided tanks and armored vehicles to him to stage this deceitful coup. As for Chakkrapong, only his name was used. These two guys were once used by the communist Vietnamese to stage a secessionist coup to split seven provinces away from Cambodia in June 1993.

The farcical coup by Sin Song on the night of 2 July was also staged by the communist Vietnamese for Hun Sen, Chea Sim, and Sar Kheng to use as a pretext to stage a real coup to impose monopolization, dictatorship, and fascism on our nation and people and on all those who refuse to be puppets of the communist Vietnam's puppets and who refuse to adopt the fascist bill to outlaw Democratic Kampuchea.

Reporters, like the masses in Phnom Penh in general, have said that this coup has only unmasked Hun Sen, Chea Sim, Sar Kheng as broken-head dogs of the communist Vietnamese.

Our nation and people are beating to death these broken-head dogs with sticks so that they cannot stay to bite others.

VGNUFC Calls Chakkrapong 'Theatrical Monkey'

BK0807022494 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Jul 94

[Text] The farcical and fascist coup staged by the communist Vietnam's puppets at the order of their communist Vietnamese masters is pushing the entire Cambodian nation and people to rise up and arm themselves with sticks to smash the heads of Hun Sen, Chea Sim, and Sar Kheng, out-and-out lackeys of the communist Vietnamese.

1. Reliable reports say that over 200 students and teachers have been arrested by the fascist police of puppets Hun Sen, Chea Sim, and Sar Kheng. The majority of these more than 200 persons came from the Faculty of Phnom Penh, Faculty of Technology, Faculty of Law, and Faculty of Letters.

2. People have noted that the coup was farcical and staged. Its essence and true nature is a coup to impose monopolization, dictatorship, and fascism to continue fueling the communist Vietnamese war to carry on killing the Cambodian nation and people.

3. Why was the coup farcical? Look at the forces that staged it. Whose forces were they, and who staged it? Chakkrapong and Sin Song did it; they have no forces.

Chakkrapong has been acting as a theatrical monkey all his life; he has no forces. When the first coup was staged following UNTAC [UN Transitional Authority in Cambodia] election, Chakkrapong played the role of a monkey in the play staged by the communist Vietnamese and their puppets. As for Sin Song, he is 100 percent a Vietnamese puppet. The communist Vietnamese ordered Sin Song to act in the farcical play with Chakkrapong.

The ones who put down the coup also have no forces: Prince Ranariddh and puppet Yu Hokkri. Prince Ranariddh is now really wearing a Vietnamese conical hat; he is now an out-and-out puppet of puppet Hun Sen. He has turned his back on his father and opposes him with no qualms.

4. In essence the coup was a fascist one, aimed at destroying the king and at putting down the FUNCINPEC [National United Front for an Independent, Neutral, Peaceful, and Cooperative Cambodia] National Assembly members and ministers and the Buddhist Liberal Democratic Party. It was aimed at putting down political personalities, journalists, students, teachers, and those who oppose the bill outlawing Democratic Kampuchea, and those who oppose the war and who want national reconciliation, national union, and genuine peace in Cambodia. It was a dictatorial and

fascist coup to continue fueling the communist Vietnamese war to kill the Cambodian nation and people.

5. Opinions in all circles—politics, personalities, students, intellectuals, teachers, journalists, traders, and Cambodian soldiers drafted by the two-headed government—unanimously agree that the two-headed government, puppet of the communist Vietnamese, have practised dictatorship and fascism to the point of staging the coup.

This is pushing the entire Cambodian nation and people to oppose them. This is pushing the nation and people in rural areas and cities to rise up and struggle through every form and means, using sticks and hacking knives to smash the Hun Sen-Chea Sim-Sar Kheng group, out-and-out lackey of the communist Vietnamese, and send it to hell so that the Cambodian nation and people have national reconciliation and genuine peace and have a chance to live a normal life.

Through this fascist coup, all forces of the two-headed government and the communist Vietnam's puppets have been broken down by the opposition of the entire Cambodian nation and people. Previously the communist Vietnamese used the umbrella and name of FUNCINPEC as a shield. Now the FUNCINPEC cover has been blown away by a storm; only the Vietnamese conical hat is clearly seen in broad daylight. Prince Ranariddh is wearing this hat. Ranariddh is acting as a puppet of puppet Hun Sen.

Therefore, the border separating the forces of the Cambodian nation and people and the traitors who oppose the nation and kill the nation and people is very clear. This border is clear as black and white. It is all very clear now. There is no way to conceal this. The fate of the traitors, fascists, and the two-headed group and communist Vietnam's puppets, particularly Hun Sen, Chea Sim, and Sar Kheng is now at an end. The future is in the hands of the forces of the nation and people who want national reconciliation, national union, and genuine peace in Cambodia.

PRC: Government Should Solve Problems Peacefully

BK0807053494 Phnom Penh AKP in French 0409 GMT 8 Jul 94

[Text] Phnom Penh 8 Jul (AKP)—China on Thursday [7 July] called on Cambodia to solve its "current problems" through peaceful means, saying that this is very important for peace and stability in the region.

The coup attempt last week and the unanimous adoption by the National Assembly of a law outlawing the Khmer Rouge are the "internal affairs" of Cambodia, specified the spokesman of the Chinese Ministry of Foreign Affairs, Shen Guofang.

"However, he continued, China, a neighbor and friendly country, wishes to see a stabilized situation in Cambodia

and hopes that the Cambodian nation could solve peacefully its problems and could achieve national reconciliation under the leadership of His Majesty Norodom Sihanouk. This is the fundamental interest of the Cambodian people and of the country. Furthermore, this would contribute to peace and stability in the region," Shen further said.

U.S. Said Pressuring ASEAN To Accept SRV

BK0807032594 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 7 Jul 94

[Text] During his recent visit to Hanoi, Winston Lord, U.S. assistant secretary of state, told leaders of communist Vietnam that the United States will support communist Vietnam's ASEAN membership at the meeting in Bangkok this July.

Here are the views of ASEAN observers:

I. The U.S. move is an interference in the internal affairs of ASEAN, an independent regional group that is not a U.S. satellite or an ally of the United States.

II. ASEAN has not yet decided to let communist Vietnam be a member because:

1. Vietnam is a communist country, while the other ASEAN countries have a liberal economy, free market, and multiparty liberal democracy.

2. Communist Vietnam has not yet abandoned its strategy of a small and large Indochinese federation in Cambodia and in the region. Communist Vietnam continues to occupy Cambodia through communist Vietnam's state authority in Cambodia and through the communist Vietnam's puppet regime of Hun Sen, Chea Sim, and Sar Kheng.

3. Vietnam continues to fuel the war in Cambodia and continues the demographic war of sending millions Vietnamese into Cambodia to eliminate the Cambodian race.

ASEAN clearly realizes the threat of communist Vietnam to peace, security, and stability in the region.

III. Despite U.S. pressure through any form, ASEAN has not decided to let communist Vietnam in yet, only when communist Vietnam becomes a liberal democracy with free market and a multiparty regime.

Observers further note that the ASEAN stance is correct and in accordance with international law, the UN Charter, and the real situation in the region.

Sirivut Holds Talks With Lao Foreign Minister

BK0707131494 Phnom Penh AKP in French 1020 GMT 7 Jul 94

[Text] Phnom Penh 7 Jul (AKP)—Prince Norodom Sirivut, deputy prime minister and foreign minister of

Cambodia, held cooperation talks in the sectors of telecommunications, trade, tourism, and culture with Mr. Somsavat Lengsavat, Laotian foreign minister, who arrived in Phnom Penh on 5 July.

The two sides expressed satisfaction with the close ties between the two countries.

The Lao foreign minister stressed that the Lao people and Government would be delighted to welcome the king and queen of Cambodia, who would be guests of the president of the Lao People's Democratic Republic.

Indonesia

World Bank, ADB Urged To Cope With Volatile Yen

BK0707141394 Jakarta THE JAKARTA POST in English 22 Jun 94 p 1

[Excerpt] Jakarta (JP)—Minister of Finance Mar'ie Muhammad yesterday urged the World Bank and Asian Development Bank (ADB) to take more initiatives to maintain the stability of the Japanese yen rate against the U.S. dollar, since high volatility would affect the world economy.

"I have repeatedly asked the World Bank and ADB to initiate efforts, in cooperation with monetary authorities of Japan and United States, to prevent the yen rate from wild fluctuations," Mar'ie told newsmen yesterday. The finance minister was asked by newsmen yesterday to comment on the surge of the yen against the dollar over the last two days and its impact on Indonesia. The dollar weakened on Tuesday against the yen, falling below 100 for the first time since World War II.

He said the high yen appreciation would hurt Indonesia because more than 50 percent of its foreign debt are denominated in the yen. But the stronger yen would also hurt other borrowers, including the World Bank and ADB, because they get a portion of their credit funds from Japan, he said.

Nonetheless, Mar'ie was optimistic that the yen would again stabilize at a higher rate due to the intervention from the Japanese and the U.S. central banks.

"We don't need to ask for debt rescheduling because we are able to repay and service our debts," he added. [passage omitted]

Editorial Views Dollar Drop Against Yen

BK0707151294 Jakarta THE JAKARTA POST in English 24 Jun 94 p 4

[Editorial: "Currency Turbulence Again"]

[Text] Short-lived turbulence again struck the international financial markets on Tuesday when the American dollar—for the first time in over 50 years—fell to below 100 yen. The dollar's tumble followed an official

announcement that the U.S. trade deficit had increased by 22 percent to \$8.4 billion in April and that its current account deficit had risen to \$32 billion in the first quarter.

But, as later developments showed, the sharp dollar depreciation, notably against the Japanese yen, was caused mainly by speculative sentiments rather than the worsening of the American economy.

The dollar rose again to 101.50 yen on Wednesday after President Bill Clinton strongly asserted that the U.S. economy is healthy. Federal Reserve Chairman Alan Greenspan even considers the present U.S. economic outlook the brightest in decades.

We agree that the bouts of dollar depreciation and yen appreciation since last year were primarily caused by speculative sentiments. It seems traders have tried time and again to test the resolve of the central banks in Tokyo and Washington to prop up the dollar.

This time the wave of currency instability hit the market about three weeks before the G-7 [group of seven industrialized countries] summit in Naples.

Given the importance of exchange rate stability as part of overall monetary stability in preserving effective market economies, we wonder about the effectiveness of what the G-7 group of industrialized countries usually calls "policy coordination." The periodic waves of exchange rate volatility since last year give us the impression that the policy cooperation and the convergence of economic performance and fundamentals are no longer effective.

We don't think it is wise, despite the free, open-market mechanism, to allow the financial markets to go quickly from one extreme to another. Such turbulence not only causes market disruptions, but also adversely affects the flow of money and merchandise. Currency is a critical element in a country's competitiveness. The problem is that now, currency is increasingly volatile and explosive in its effects.

The U.S. fully realizes how damaging the impact of a highly volatile dollar on its capital market (stocks and bonds) would be. A further, sharp decline in the dollar would force the U.S. to raise its interest rates in order to make its fixed-income investment securities attractive to overseas investors. Otherwise foreign portfolio investment would fly out the door.

On the other hand, another sudden appreciation of the yen might cripple the beginning of economic recovery in Japan, the world's second largest economy, resulting in damaging repercussions on the other economies around the world—notably the U.S.—and the rest of Asia.

Indonesia, which now owes more than U.S. \$90 billion to foreign creditors, stands to receive double blows from a strengthening yen because 50 percent of its foreign debt stocks are denominated in the yen, while the prices of its oil and natural gas—which together account for about 25

percent of its foreign exchange earnings and state budget revenue—are in the American dollar.

We believe the latest wave of currency turbulence makes it more imperative than ever that the economic powers of the G-7 club focus the agenda of their forthcoming summit on working out a more effective mechanism to maintain exchange rate stability.

Taiwan Expresses 'Optimism' Over Investment

BK0707104794 Jakarta THE INDONESIA TIMES in English 27 Jun 94 p 1

[Text] Jakarta—Taiwan, which intends to replace Japan as the biggest investor in Indonesia in years to come, Saturday expressed optimism that its investments in Indonesia will keep on increasing.

Head of Taiwan's Economic and Trade Representative [Office] in Indonesia Alexander S. Chen told ANTARA the optimism was based on the fact that Taiwanese businessmen have in the past few years been showing increasing interest in investing in Indonesia.

"I expect that the Indonesian Government's latest deregulatory policy on foreign investment will even further stimulate the interest of Taiwanese businessmen to invest in Indonesia," he said. He said Taiwan's investments in Indonesia are recorded at a total of U.S. \$8.6 billion, the second largest amount after Japan's.

Chen expressed confidence that Taiwan will be able to take over Japan's position in the course of years to come.

Taiwan's Economic Vice Minister [title as published] Lee Jou-sou, during a visit to Indonesia months ago, had voiced the same belief.

"Increasing the amount of investment in Indonesia has become a government commitment in our 'Look South' policy," Chen said, adding that Taipei would support any Taiwanese entrepreneur wishing to invest in countries within the South region.

Chen disclosed an extra-large trade and investment mission from Taiwan will visit Indonesia in the near future. The specific date of the mission's visit could not yet be made public, however.

*** Japanese Investors Withdrawing from Batam**

94SE0128A Jakarta KOMPAS in Indonesian 11 May 94 p 3

[Text] Batam, KOMPAS—Batam Island as a profitable field for foreign capital investment has been hurt by the withdrawal of Japanese investors. Sankyo Seiki is a Japanese firm active in the electronic equipment industry. This investor has withdrawn from Batam because of a dispute which developed with its business associate in Indonesia. As a result 450 workers have lost their jobs with the company, effective 10 May.

Hamonangan Pardede, a director of the New Paris Group (NPG), Ltd, a business associate of Sankyo Seiki, said: "The withdrawal of Sankyo not only has caused hundreds of our workers to lose their jobs but we are also losing about two billion rupiahs in profits." NPG, which is located in the Sekupang area, 12 kilometers from the center of the city of Batam, had assets valued at 15 billion rupiahs, 13 billion rupiahs of which were contributed by Sankyo Seiki. In this joint venture the New Paris Group, Ltd, only provided land, buildings, and the necessary government permits.

As a result of breaking the contract the Japanese investor has withdrawn its assets in the form of production machinery valued at 9 billion rupiahs. The assembly building which previously was filled with machinery is now completely empty. Pardede said that it is believed that the machinery has been transferred to the Sankyo Seiki factory in Singapore.

Meanwhile, as of the afternoon of 10 May, hundreds of workers were in front of the NPG office asking for their severance pay. Long-time workers were given 170,000 rupiahs in severance. Employees who had worked for more than one year were given 160,000 rupiahs. Workers still on probation were given between 140,000 and 150,000 rupiahs. In addition to severance pay every worker was also given a food allowance of 25,000 rupiahs each.

Labor Dispute

Dr. E.W. Papilaya, legal representative of NPG, said in a separate statement that Sankyo Seiki withdrew from NPG after a dispute with the other shareholders of NPG. Pardede, as a shareholder in the company, accused H.P.S., the managing director, of embezzling 4.9 million Singapore dollars. An accusation to this effect was presented before the State Court of Batam. In a decision handed down in December 1991 the court approved the complaint submitted by Pardede. However, in subsequent litigation following an appeal the Superior Court of Pekanbaru decided in favor of H.P.S. on 31 January 1994. The decision of the Superior Court ordered the police to attempt to impound the assets of the company.

Doctor Papilaya said: "The appearance of five policemen at the factory on 11 March 1994, which surprised the foreign managers, finally led to their breaking their joint venture contract with us."

According to Pardede, since 28 April 1994 the Japanese investors have removed their assets in the form of the machinery and, since then, productive activity has stopped. He said with concern, "This incident has harmed the Indonesian business world in the eyes of foreign investors."

The joint venture between NPG and Sankyo Seiki, according to the contract, was to last for four years. However, the contract was broken after two years. Pardede said: "We estimate that over the four year period we would make four billion rupiahs in profits."

He added that, in fact, NPG's prospects for producing electronic devices such as motor assemblies for computers, computer boards, remote control devices, head-phones, and AM/FM sound equipment were very good because Sankyo Seiki has a well known name in the Japanese and Singapore markets.

Police Break Up Protest Against Press Ban

BK0707153894 Hong Kong AFP in English 1240 GMT 7 Jul 94

[Text] Jakarta, July 7 (AFP)—Police on Thursday broke up a protest against last month's government ban on three weeklies, arresting 43 students, including a hunger striker, a human rights official said. The police arrested 43 of about 100 protesters who had gathered in support of two students beginning a hunger strike, said Hendaradi, a spokesman for the Indonesian Legal Aid Foundation (LBH) human rights group. One of the two hunger strikers was arrested, less than two hours after beginning the fast, he added.

Hendaradi said the police explanation for breaking up the demonstration and the arrests was that the students did not have a licence for staging the protest. He added that the LBH had strongly protested the arrests.

The protesters waved banners and chanted the national anthem as the two students began their hunger strike, wearing T-shirts emblazoned with slogans reading "peace of freedom" and "stop oppression" written on it. Two other students were to have joined the hunger strike on Sunday. The students said they would only drink water and tea with sugar until the government lifted the press ban.

The hunger strikes followed recent demonstrations against the government's decision to revoke the publishing licences of the three weeklies, TEMPO, EDITOR and DETIK, which had published articles critical of a minister close to President Suharto. About 150 journalists from various publications resumed noisy protests Tuesday in front of the press council office.

The protest was the first since June 27 when security officials brutally crushed a demonstration involving some 300 people, leading to 29 arrests and several injuries.

Jakarta police chief Major General Hindarto has since vowed to crack down on any new street demonstrations.

Muslim Leaders Vow To Support Suharto Reelection

BK0707141594 Jakarta REPUBLIKA in Indonesian 27 Jun 94 p 1

[Excerpt] Rembang, REPUBLIKA—Sunday (26 June) was the most tiring day for traditional Muslim leaders who gathered in Rembang, Central Java. In spite of this, the meeting that ended at 2330 produced several important decisions, including ones on their support for the

leadership of President Suharto and on the formation of Team Nine [not further specified]. However, there was no mention of any candidates for the post of the next general chairman of the [Muslim-based] United Development Party [PPP].

The meeting started at 0930 after K.H. Alawy Muhammad from Sampang read al-Fatihah [the first chapter of the Koran]. K.H. Syansuri Badawi, chairman of the Organizing Committee of the 1994 PPP Congress elaborated on the criteria of the national leadership to ensure the existence of the unitary Republic of Indonesia. According to K.H. Syansuri Badawi, who is also chairman of the PPP Advisory Council, a national leader must be fair, pay attention to the advice of Muslim leaders, be benevolent, and be respected by the citizens.

Speaking during a news conference, K.H. Syansuri Badawi said the traditional Muslim scholars grouped in the NU [Nahdlatul Ulama or Association of Muslim Scholars] will support the reelection of H. [Haji] Suharto into the presidency. In his opinion, Islam does not recognize a limitation on a post that a person holds. Any limitation is against Islam. Islam has stated that any leader can be reelected so long he is capable and can act fairly. [passage omitted]

Software Piracy Reaches 'Epidemic' Proportion

BK0707161094 Jakarta THE JAKARTA POST in English 25 Jun 94 p 10

[Text] Jakarta (JP)—Computer software piracy has reached an epidemic proportion in Indonesia, in which as much as 99 percent of personal computer (PC) users exploit the software illegally. An official of the Lotus Development Corporation, David Wee, said in a press conference here on Thursday that software piracy in Asia had costed international software companies U.S.\$5 billion.

Wee said that the companies' loss in Indonesia must be more than \$1 billion due to the widely spread use of PCs here. He added that there are around 1.5 million PCs in Indonesia, in which each PC needs around \$1,000 for software.

Referring to the software piracy rate by the U.S.-based Business Software Alliance, he said that only 99 percent of 1.5 million PC users in Indonesia bought their expensive software legally.

In a bid to fight piracy, he said, Lotus Development Corporation, which was established in 1982 in the United States, had decided to sell its software at lower prices in Indonesia.

"To make it more affordable for people to buy legal software," he said, adding that a special Window software package which include the Lotus 1-2-3 spreadsheet and the Ami Pro word processor will be sold at \$360, whereas both software normally retail for \$495 each.

Government Eases Regulation on Import Duties

BK0807075094 Jakarta THE JAKARTA POST in English 28 Jun 94 p 1

[Text] Jakarta (JP)—The government yesterday announced a new package of deregulation measures to streamline the economy by liberalizing the import sector in what it said is an "anticipation of post-Uruguay Round development in world trade".

The new measures cut down import duties on 739 kinds of goods, removed non-tariff barriers from 27 commodities and lifted surcharges from 108 other import items.

Coordinating Minister for Economy and Finance Saleh Afiff said the new move is a follow up to the previous "packages of deregulation measures," including one issued in October 1993 and the latest ruling (PP20 of 1994) [PP—Government Regulation] that significantly eased restrictions on foreign investment.

"The aim this time is not only sectoral, such as boosting investment, efficiency and productivity, or to increase non-oil exports, or to expand business and job openings, but to step up the whole spectrum of development activities directed to enhance national economic and resilience," Saleh Afiff said.

The Coordinating Minister announced the rulings at Bina Graha [Presidential Office] moments after he and eight other ministers had a meeting with President Suharto.

The other ministers were Coordinating Minister of Industry and Trade Hartarto, Minister/State Secretary Mardiono, Tunky Ariwibowo (industry), S.B. Judono (trade), Syarifudin Baharsyah (agriculture), Ibrahim Hasan (food), Subiarto Cakrawardaya (cooperatives and small businesses) and Mar'ie Muhammad (finance).

Saleh Afiff said the government wants to gradually harmonize the tariff rates in Indonesia by reducing most of them, in step with GATT and AFTA (ASEAN Free Trade Area) agreements.

Only a very low import duty will be charged on raw materials, intermediate goods and capital goods to be used by the manufacturing industry. In many cases this import duty was eliminated altogether.

New projects will no longer be entitled to any commitment of tariff escalation. Rather, they must comply with the going and reduced tariffs.

For the expansion of investment a new import facility has been introduced. Now, any firm intending to invest new money for the expansion of installed production capacity by at least 30 percent is offered duty reliefs for the import of raw materials and intermediate goods for up to two years.

In relation to bonded zone and Production Entrepot for Exports (EPTE), from now on all assembling activities

and bonded zones or EPTE to companies outside the zone or EPTE as subcontractors are no longer prohibited for up to two years.

Meanwhile a new rule helps a component manufacturers outside bonded zones or EPTE (indirect exporters) to compete by allowing them to credit the Value Added Tax (VAT) on their raw materials (inputs) against the VAT on their output sold to other industrial users in bonded zones or EPTE.

The government said any price distortions caused by dumping activities by foreign parties will be prevented by anti-dumping policies.

Under the new measures, the import duty will be eliminated on agricultural products used as raw materials or intermediate goods for the livestock industry—such as fish meal, shrimp meal, barley, peanut meal, soybean meal, sorghum, bone meal and meat residue.

Tariffs on textile machinery and components are to be reduced by 10 to 25 percent. Those on agricultural machineries are to be reduced between five to 20 percent. Import duties on machinery for small industries are to be reduced to five percent of their former level or, in some cases, totally eliminated. Import tariffs on foreign assembled passenger cars and station wagons are to be reduced by 25 percent, and semi-trailer spare parts is to be reduced by 10 percent. The tariff on work vehicles will be completely eliminated. Import duties on components and sub-components for the assembly of heavy-duty equipment are also to be completely waived beginning January 1, 1995.

*** Minister on Village Employment for Elders**

94SE0128B Jakarta KOMPAS in Indonesian 17 May 94 p 8

[Text] Jakarta, KOMPAS—Opening up new job opportunities in the villages is the key to increasing economic growth in Indonesia. At the same time it is anticipated that the size of the labor force will continue to increase from year to year. This was stated by Haryono Suvono, minister of state for population and chief of the BKKBN [National Family Planning Coordinating Board], to reporters after reviewing population and family welfare developments in Indonesia before Class IV of the Short Course at the National Defense Institute on 16 May in Jakarta.

The question of the need for an effort to increase economic growth came up when a student attending the National Defense Institute asked what is the exact figure for the annual growth of the labor force in Indonesia.

If you use the figure which Haryono previously mentioned, that is, 2.5 million people annually, economic growth of about 7.0 percent per year will be needed so

that the total labor force can be provided with employment. The student said: "As a matter of fact at this time it is estimated that economic growth is only about 6.0 percent per year."

On the program Haryono only had 10 minutes to answer about 10 questions. To this question he answered that the figure on the annual growth of the labor force which he used was an official, government statistic. However, when he was answering questions from reporters after the official program was over, he said that he was convinced that the total labor force in the future will continue to be provided with jobs by opening up new opportunities in the villages.

Village Industrialization

Previously, Haryono had emphasized that, indeed, there is an industrialization program reaching down to the villages, which employs senior citizens who can still contribute their experience in managing a company.

Haryono added: "Companies in the villages do not need to be large ones. Small industries are enough to provide a kind of support for large industries in the cities. With the experience and contacts which they have retired people can cooperate with companies in the cities to form a kind of senior labor force."

At the same time this program will also resolve the problem of the increasing number of senior citizens in the future. This is a consequence of the improved welfare of the people and the success of family planning in Indonesia at the present time.

According to Haryono, because the figures on life expectancy are so high, it is not rational to accept the proposal to postpone the time when a worker retires. This is because the total number of younger workers will increase in the future and they also need jobs. He declared: "So the best alternative is to ask those who have reached retirement age to open up new job opportunities. They are urged to return to the villages where they were born to develop them."

In this program of returning to the villages the Office of Population Affairs and the National Family Planning Coordinating Board will cooperate with banks such as the BNI [Indonesian State Bank], the BRI [Indonesian People's Bank], the Indonesian Export-Import Bank, and so forth. Loans from the banks with a maximum interest rate of 6.0 percent will be provided to those who wish to develop an industry at the village level.

Haryono added: "If capital flows to the villages and there are many job openings at the village level, the movement of people to the cities will automatically decline."

The plan for the program to return to the villages will be officially dedicated by President Suharto on 29 June, National Family Day.

Laos

Defense Minister Receives U.S. Delegation

BK0707145594 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 7 Jul 94

[Text] On the morning of 5 July, His Excellency Lieutenant General Choummali Sai-gnason, minister of national defense, received at the National Defense Ministry in Vientiane a delegation of envoys from the United States led by H.E. Hershel Gober, deputy secretary of veterans affairs. The meeting and talks proceeded in a cordial atmosphere. Mr. Gober noted the U.S. intention to further maintain relations and cooperation with Laos to search for remains of American soldiers missing in action during the war.

On this occasion, our Lao national defense minister informed Mr. Gober and his delegation about the Lao side's sincerity in maintaining relations and cooperation with the United States in searching for MIA remains. He said: The Lao Government has always showed a good intention and has all along cooperated with the U.S. side in settling this issue.

The U.S. delegation is scheduled to pay a working visit for two days.

Chinese People's Army Delegation Arrives

BK0607134794 Vientiane Vitthayou Hengsat Radio Network in Lao 1200 GMT 5 Jul 94

[Text] On 2 July 1994, a delegation of the Chinese People's Liberation Army [CPLA] led by Comrade General Li Jiulong, member of the CPC Central Committee and commander of the Chengdu Military Region, arrived in the Lao People's Democratic Republic [LPDR] for an official friendship visit at an invitation of the National Defense Ministry of the LPDR. Comrade Gen. Li Jiulong and his delegation were received upon their arrival at Wattai Airport by Comrade Brigadier General Douangchai Phichit, member of the Lao People's Revolutionary Party [LPRP] Central Committee and deputy chief of the General Staff Department of the Lao People's Army [LPA]; and Comrade Colonel Si Inthavong, deputy chief of the Office of the National Defense Ministry and concurrently chief of the Foreign Relations Department of the National Defense Ministry; along with a number of high-ranking officers.

An official ceremony to welcome the friendship delegation of the CPLA was held at the clubhouse of the National Defense Ministry. The ceremony was attended by Comrade Lieutenant General Ai Souli-gnaseng, member of the LPRP Central Committee, deputy minister of national defense, and chief of the LPA General Staff Department; and comrade chiefs and deputy chiefs of various departments and offices attached to the National Defense Ministry; along with many high- and

medium-ranking officers. Also present at the ceremony was Comrade Colonel Li Laichen, military attache of the PRC to the LPDR.

The visit to our country by the friendship delegation of the CPLA is scheduled for five days. During the visit, the CPLA delegation will pay courtesy calls on leaders of the National Defense Ministry.

Calls on Defense Minister, Departs

BK0807083394 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 8 Jul 94

[Text] At the National Defense Ministry on 6 July, Comrade Lieutenant General Choummali Sai-gnason, Political Bureau member of the Lao People's Revolutionary Party Central Committee and minister of national defense, received a courtesy call from Comrade General Li Jiulong, member of the CPC Central Committee, commander of the Chengdu Military Region, and head of the friendship delegation of the Chinese People's Liberation Army [CPLA], who lead a delegation to pay an official friendship visit to our country.

Comrade Gen. Li Jiulong informed the national defense minister about the success of his delegation's visit to Laos and thanked the Lao People's Army [LPA] and Lao people for according an intimate welcome. Comrade Lt. Gen. Choummali Sai-gnason hailed and highly assessed the visit by the Chinese delegation because it served to further strengthen relations of friendship between the Lao and Chinese peoples and Armed Forces.

During the evening, the National Defense Ministry hosted a reception to hail the success of the visit. The LPA art troupe also presented a performance at the reception to entertain the visitors.

The CPLA friendship delegation left for home on 7 July after concluding the official visit.

Transportation Cooperation Accord With PRC

BK0807100994 Vientiane KPL in English 0924 GMT 8 Jul 94

[Text] Vientiane, July 8 (KPL)—Technical delegations of the Lao and Chinese Ministries of Communication and Transport on July 6 evening signed the minutes of their meeting to discuss cooperation in transit transportation held in Vientiane.

Present at the signing were Himmakon Manotham, deputy minister of communication, transport, post and construction, and the counselor to the Chinese embassy here.

The minutes spell out technical cooperation between both sides which have only agreed on a draft agreement on goods and passenger transportation along the Mekong river and the upper section of this river locally known as "Lancy" river on the Chinese soil, a protocol on land transit transportation, as well as a protocol on the

establishment of procedures concerning the issue of land transit transportation permits.

The two technical delegations also prepared conditions for the holding of a ministerial meeting between both sides at the end of this year.

This Chinese delegation was here for a working visit from June 30 to July 7.

Foreign Minister Returns From Cambodian Visit

BK0807085394 Vientiane Vitthayou Hengsat Radio Network in Lao 0000 GMT 8 Jul 94

[Text] The delegation of the Lao-Cambodian Joint Commission headed by its chairman, His Excellency [H.E.] Foreign Affairs Minister Somsavat Lengsavat, arrived back home yesterday after ending its working visit to Cambodia. H.E. Somsavat Lengsavat paid a working visit to the Kingdom of Cambodia for three days following a friendship visit to the SRV.

While staying in Cambodia, the Lao delegation paid a courtesy call on Prince Krompreach Norodom Ranariddh and Samdech Hun Sen, first and second prime ministers of the Kingdom of Cambodia. The two prime ministers hailed and highly assessed the visit to Cambodia by the delegation of the Lao-Cambodia Joint Commission. They reaffirmed the good intentions of the Kingdom of Cambodia to maintain and to further strengthen the relations of friendship between Laos and Cambodia. H.E. Somsavat Lengsavat thanked the Cambodian leaders and people for according him and his delegation a warm welcome. He also conveyed greetings and best wishes from H.E. Khamtai Siphandon, prime minister, to Prince Krompreach Norodom Ranariddh and Samdech Hun Sen, pledging that the Lao People's Democratic Republic will always firmly adhere to its foreign policy of maintaining and further enhancing the traditional relations of friendship and solidarity.

Our Lao delegation also held talks with the delegation of the Kingdom of Cambodia headed by Prince Kromkhun Norodom Sirivut, deputy prime minister and minister of foreign affairs and international cooperation. After holding consultations with one another, the two sides signed a memorandum on working together in implementing the various cooperation agreements signed by the two sides, outlining the regulations on the exchange of goods at the national and local levels, and increasing cooperation in the communications sector in which Cambodia will allow Laos to use its ports and other facilities.

In addition, our Lao delegation also paid a visit to Angkor Wat, the famous ancient ruins of Cambodia.

On hand at Wattai airport to welcome the delegation were Phongsavat Boupha, deputy foreign affairs minister, and a number of cadres concerned. Bui Van Thanh

and Khek Lerang, respectively ambassadors extraordinary and plenipotentiary of the SRV and the Kingdom of Cambodia to Laos, were also present at the airport to welcome the delegation.

Central Committee Office Chief Leaves for SRV

*BK0607103394 Vientiane KPL in English 0918 GMT
6 Jul 94*

[Text] Vientiane, July 6 (KPL)—Thongsavat Khaikhamphithoun, member of the LPRP CC [Lao People's Revolutionary Party Central Committee] and head of its office and his delegation left here on July 5 for the Socialist Republic of Vietnam on an official visit at the invitation of the office Communist Party of Vietnam Central Committee.

During its stay there, the delegation will meet and exchange experiences with the Vietnamese side on the matters relating to the strengthening of friendship and effective special cooperation between Laos and Vietnam.

Seeing the delegation off at the airport were Cheuang Sombounkhan, deputy head of the LPRP CC Office, Bui Van Thanh, Vietnamese ambassador, and other officials concerned.

SRV Justice Minister Meets Ministry Officials

*BK0807114094 Vientiane KPL in English 0929 GMT
8 Jul 94*

[Text] Vientiane, July 8 (KPL)—Nguyen Dinh Loc, minister of Justice of Vietnam, on July 7 met with Justice Ministry officials and students during his visit to Laos.

Nguyen Dinh Loc informed the meeting about the new situation in Vietnam after the implementation of the renovation policy in his country. He highly valued the determination of the Vietnamese people in shifting towards renovation which started with the economic field with agricultural production found highly effective. In the first six months of this year, Vietnam has produced 1 million tons of rice, a one-fold rise compared with the period before the renovation, he said.

The Vietnamese justice minister also spoke of the special relationship between Laos and Vietnam, especially between the two ministries and lawyers' associations which have regularly exchanged experiences and delegations.

Assembly Chairman Opens 4th Extraordinary Session

*BK0507113994 Vientiane KPL in English 0912 GMT
5 Jul 94*

[Text] Vientiane, July 5 (KPL)—The fourth extraordinary session of the National Assembly (third legislature) opened here yesterday morning to consider and pass three law bills pertaining to business operation, taxation and budget.

The session was chaired by National Assembly President Saman Vi-gnaket and attended by National Assembly members from all the 18 constituencies throughout the country. Present at the opening ceremony were, among others, Nouthak Phoumsavan, president of the republic, members of the Political Bureau of the Lao People's Revolutionary Party Central Committee, the vice-presidents of the National Assembly, and the vice-prime minister.

This extra-ordinary session, which would last over ten days, was to consider and pass three law bills, including the bill on business operation, the bill on taxation and the bill on the state budget.

In his opening address, the National Assembly president said that the third ordinary session of the National Assembly held in March this year endorsed the amendments to the law on foreign investment and the labour law. However, he said, the laws enforced so far were still not enough to meet the need for the development of economic infrastructure and for the management of the state and society in a new circumstance. That was why, he added, it was necessary for the government to further consider and enforce more laws in a bid to strengthen the efficiency of the state management by law, ensure the exercise by the citizens of their economic right, and ensure the equality among and the performance by economic sectors of their rights and obligations before the law.

Saman Vi-gnaket elaborated that the bill on business would be the first law in the country that reflected the economic restructuring policy of the party which was to shift the subsistence and semi-subsistence economy toward the market economy with multi-economic sectors, multi-formed ownerships and with different scopes based on the equality among the economic sectors before the law.

To create legal conditions for promoting the broadened business operation, the state found it necessary to consider and enforce the law on business operation, the National Assembly president said, adding that this law reflected correctly the party's policy concerning the distribution of goods in a free, legal and uniform manner as provided in the first constitution of the Lao PDR [Lao People's Democratic Republic] that all Lao citizens had the rights to business operation as allowed by law. He said this law ensured the equality in business operation among all economic sectors as stipulated in the constitution and represented an instrument for the state to strengthen its efficiency of adjusting the business operation.

Concerning the bill on taxation, Saman Vi-gnaket explained that it was an important part of the party's financial policy since taxation was a basic source of revenue in the country and an important instrument for the state to manage, promote and guide production, business and goods distribution activities, promote foreign investment, protect local products and limit unnecessary imports. This law bill, he added, defined the

organisation and function of the import-export taxes, and systems, procedures and measures which all individuals concerned, both Lao citizens and foreigners, who pass the border, must observe and implement strictly. He noted that all this was a necessary condition to protect sovereignty and security of the country, increase sources of the national revenue and facilitate the implementation of the policy of widening the economic cooperation with other countries.

Elaborating the bill on the state budget, the National Assembly president said that previously there existed a decree on the state budget adopted by the Council of Ministers. By now, he stressed, it was necessary for the state to have a law defining the right, authority and procedures concerning the building, passage and revision of the state budget and the organised implementation of the annual budget.

He pointed out that this law bill must ensure the centralised, uniform management principle of the state budget since the state must have the central fund to meet the need for ensuring security, national defence and foreign affairs, and to solve the problems of macro-economic significance such as the building of infrastructure throughout the country, the development of grass roots, the setting up of the central social and economic ventures and the handling of major tasks at each stage.

He indicated that to ensure the management of the state budget according to the centralised uniform principle, the law bill on the state budget determined measures concerning the implementation of the budget in order to prevent and counter such negative instances as arbitrarily receiving and spending the budgets that caused a loss to the budget fund, corruption and waste. That was why, he said, this bill must explicitly define a control system of the implementation of the state budget with measures adopted to prevent crimes and punish offenders.

Taxation Bill Discussed

BK0807114694 Vientiane KPL in English 0938 GMT
8 Jul 94

[Text] Vientiane, July 8 (KPL)—The fourth extraordinary session of the National Assembly yesterday afternoon considered a law bill on taxation presented by Khambou Sounisai, vice president of the National Assembly, head of the Law Commission.

The session discussed and gave opinions to the law bill. In the presentation, Khambou Sounisai said taxation is part of the financial policy, a main source of the domestic revenue and an important instrument for the state to manage, promote and guide the activities in production, business production, goods distribution and import-export.

The vice president added that this law would boost foreign investment in the country and protect domestic production, restricting unnecessary imports, protecting

the equal rights of all economic sectors and ensuring the citizens the performance of their rights and duties in national development.

Philippines

Further on Arrests of Abu Sayyaf Supporters

Alien Pakistanis Suspected

BK0807041094 Manila PHILIPPINE DAILY
INQUIRER in English 5 Jul 94 pp 1, 9

[Excerpt] Immigration Commissioner Zafiro Respicio has dispatched a team of BID [Bureau of Immigration and Deportation] agents to Zamboanga City to arrest 38 undocumented Pakistanis suspected of supporting Muslim extremists in Mindanao, sources at Camp Aguinaldo and the Bureau of Immigration and Deportation bared yesterday. The move came after Lt. Gen. Orlando Soriano, AFP [Armed Forces of the Philippines] Southern Command [Southcom] chief, reported to Armed Forces Chief of Staff Gen. Arturo Enrile that his men had been monitoring the "suspicious" movements of Pakistanis and Arab nationals in Zamboanga.

Soriano said the Pakistanis arrived in Zamboanga aboard Philippine Airlines flights last 28 June, while government troops were pursuing Abu Sayyaf guerrillas holding a Roman Catholic priest in the forested interior of Basilan.

The fate of Fr. Cirilo Nacorda, parish priest of Barangay [Village] Matarling in the capital town of Isabela remains uncertain. He was seized last 8 June.

The military has another reason to become suspicious over the presence of the group of Pakistanis in Zamboanga and Sulu, Camp Aguinaldo sources said.

The original members of the Abu Sayyaf, including chieftain Abdurajik Abubakar Janjalani, had been trained in guerrilla warfare in Pakistan in the 1980s. They were later deployed to Afghanistan, which was then resisting the invading Soviet forces.

Soriano's report came on the heels of military intelligence reports that Iranian students belonging to the Islamic Assembly in Manila were financing the Moro Youth Solidarity Organization (MYSO), which was founded by Abu Sayyaf chieftain Abdurajik Abubakar Janjalani.

The reports said the MYSO had formed a "Batik Company" composed of 15 member to stage terroristic attacks in Zamboanga. Among its alleged targets are the city hall, airport, shopping malls, public markets, the Sta. [Santa] Maria Chapel and the Ateneo Chapel.

Military intelligence agents suspect that members of radical organizations from other Islamic countries have been supporting Muslim terrorist groups here in terms of money and arms.

Military and BID officials, however, stressed that the intelligence reports were "raw information" that have yet to be verified.

An immigration official said only 24 Pakistanis remained in Zamboanga, and that the names of the Pakistanis submitted by Soriano had no records at the BID, making them undocumented aliens. The BID refused to release their names.

One of them is reportedly a student in Pangasinan. It was not known why he was in Zamboanga.

Last 28 June, Southcom intelligence reports said, 12 of the Pakistanis checked in at Pension Royal Inc. on Canelar Moret Street and occupied six rooms.

Around 9:10 p.m. [Philippine time], two of the Pakistanis were "seen orienting a compass outside the hotel for several minutes."

At 8:30 a.m. the next day, one of them, identified only as Amid, placed an overseas call to a certain Hussin Shah of Malaysia with telephone number 089-725396.

Also on 29 June five of the Pakistanis boarded a PAL [Philippine Airlines] flight to Tawi-tawi while several others boarded a plane bound for Jolo, Sulu, Southcom said.

Zamboanga-based immigration officer Jakaria Madlahuddin gave another version.

He said 20 Pakistanis arrived in Manila last 28 June, and immediately flew to Zamboanga on the same day. All of them left for Jolo the following day.

Madlahuddin said they were all classified as "tourists" by the Philippine consular office in Islamabad, Pakistan, and were therefore allowed to stay in any part of the country for 59 days without visa.

"There is nothing unlawful as far as their travel documents are concerned," he said although he said one of them was held by immigration officers from Manila who went to Zamboanga to investigate the Pakistanis' activities.

The unnamed Pakistani "suspiciously wanted to make his exit via the back door on his way to Labuan, Sabah, Malaysia," Madlahuddin said. Under immigration rules, an alien must exit at his point of arrival.

He said his office had not monitored the entry of Iranians in the city. [passage omitted]

Iranian Envoy Assures Non-Involvement

BK0807063694 Quezon City Radio Filipinas in English 0230 GMT 8 Jul 94

[Text] Iran's Embassy in Manila assured on Thursday it would not allow Iranian nationals to help Muslim fundamentalists in southern Philippines battling government troops. The Iranian ambassador to Manila said his

country will not permit anybody whether Iranian or other nationalities to bring obstacles to Philippine-Iranian relations. He also said there would be no objections if the government decides to monitor the activities of the estimated 400 Iranian students and businessmen in the Philippines.

Press reports have said the Philippine military is looking into possible Iranian or Pakistani assistance to the Abu Sayyaf and their allies. Allies of the Abu Sayyaf, who have engaged in bombings and kidnappings of residents in southern Philippines, massacred 15 people last month and are still holding a Roman Catholic priest.

Arrests of Abu Sayyaf Suspects Halted

BK0807062194 Quezon City GMA-7 Radio-Television Arts Network in Tagalog 0930 GMT 7 Jul 94

[Text] To avoid jeopardizing Philippine diplomatic relations with Iran and Pakistan, the Malacanang [presidential office] issued an order halting the ongoing arrests of Pakistani and Iranian nationals suspected of being supporters of the terrorist group Abu Sayyaf. President Ramos likewise ordered Justice Secretary Franklin Drilon to coordinate with the Interior, Defense, and Foreign Affairs Departments to investigate allegations against the suspects and inform their respective embassies of whatever actions the Philippine Government will take against them.

Press Secretary Jesus Sison reiterated that the Philippines would like to maintain close relationships with Iran and Pakistan. However, those proven guilty of helping the terrorists will face immediate deportation.

Pro-Sison Hitman Surrenders to Authorities

BK0707100794 Manila PHILIPPINE DAILY INQUIRER in English 2 Jul 94 pp 1, 8

[Excerpts] A top communist leader with a P[Philippine peso] 1 million price for his capture surrendered yesterday to the military, saying he was disenchanted with the leadership of Jose Maria Sison.

Lucio Borlaza, 33, alias Jumper, gave himself up to Armed Forces Chief of Staff Gen. Arturo Enrile and Chairman Sedfrey Ordonez of the Commission on Human Rights. Borlaza was tagged as the head of the Sison faction of the Alex Boncayao Brigade (ABB) and No. 4 in the AFP [Armed Forces of the Philippines] Order of Battle. He had a P1-million price for his capture until the military scrapped last week the rewards for communist rebels as a confidence-building measure prior to the peace talks with the National Democratic Front.

Borlaza said he was returning to the fold of law to avail himself of the peace process.

In a press conference at the Commission on Human Rights, Enrile said Borlaza was a member of the National Military Commission, one of the six highest

functional commissions of the local communist movement. A native of Banzalan, Davao del Sur, Borlaza is said to have risen fast in the communist rebel ranks since his college days in the late 1970s.

In documents captured by the military NPA [New People's Army] intelligence chief Alfredo Simbulan described Borlaza as the best commander in special partisan operations, having led 11 communist guerrillas who went to Pyongyang, North Korea for training. [passage omitted]

Borlaza also said all of Sison's charges against CPP [Communist Party of the Philippines] Secretary General Ricardo Reyes and Lagman were not true.

"Joma [Jose Maria Sison] is a good leader. But I am surprised by the way he had been handling the rift in the movement," he said.

Enrile gave Borlaza a safe-conduct pass to enable him to freely roam the country. Ordenez, for his part, said he will still discuss with Enrile the possibility of providing security to Borlaza if he wanted to.

Public Debt Reaches 1.311 Trillion Pesos

BK0707104594 Manila BUSINESS WORLD in English
5 Jul 94 p 10

[Text] Total outstanding public debt reached P1.311 trillion [Philippine pesos] last March, representing an increase of 25 percent from P1.045 trillion in the same month last year. Compared with the preceding month, it inched up 1.6 percent from P1.29 trillion last February.

Public debt covers all foreign and domestic liabilities incurred by government, its branches, agencies, and other instrumentalities.

Statistics obtained from the Bureau of Treasury (BoT) reveal the increase was brought about by an expansion in internal debt during the month in review. As outstanding public domestic debt amounted to P696.29 billion, the year-on-year growth was a substantial 25 percent from P556.28 billion.

Domestic obligations comprised 53.1 percent of aggregate borrowings.

Total foreign obligations likewise rose 1.4 percent on a month-on-month basis to P614.82 billion from P606.56 billion previously. Compared with its year ago level, external debt climbed 26 percent from P489.23 billion.

As in the previous months, regular accounts cornered the bulk or 88 percent of the aggregate.

Regular accounts are comprised of direct loans of the national government (NG), assumed loans, and RP [Republic of the Philippines]-bond converted loans. Loans directly acquired by government reached P1 trillion, among these liabilities were P946.77 billion availed by various government agencies. The remaining P54.77

billion were relented to different government-owned-and-controlled corporations (GOCCs). Some P83.66 billion or 7.25 percent of the regular accounts consisted of loans converted into bonds under the Philippine Financial Plan. The remaining P68.98 billion or 5.97 percent of the regular accounts was made up of loans assumed by the NG. These liabilities were transferred from GOCCs.

Contingent public loans and those guaranteed by government, cornered 11.97 percent of the aggregate public debt. Guaranteed foreign loans amounted to P112.07 billion or \$4.06 billion using the BSP [Central Bank of the Philippines] conversion rate P27.56:\$1. Guaranteed domestic loans, on the other hand, were recorded at P4.81 billion.

Meanwhile, contingent or potential foreign obligations reached P39.67 billion and domestic contingent loans P388.4 million.

Government Assures Adequate Power Supply

BK0807063494 Manila BUSINESS WORLD in English
6 Jul 94 p 8

[By Estela B. de la Paz]

[Text] The country is assured of adequate power supply up to 1999 as 4,278 megawatts [MW] of power out of the programmed 4,638 MW are already in the pipeline, Energy Secretary Delfin Lazaro and National Power Corp. (Napocor) president Francisco Viray said in a report submitted yesterday to President Fidel Ramos. Based on the report, the country will be able to sustain a 7.4 percent annual gross domestic product growth rate from 1993 to 1999. This translates to an annual energy sales growth of 11.1 percent for the power firm.

In addition, if the independent power producers (IPP) being contracted by the Manila Electric Co. (Meralco) will come in, the country can sustain an 8.8 percent annual GDP. The National Economic and Development Authority (NEDA) GDP target is only 5.58 percent to 7.22 percent GDP up to 1998. However, BUSINESS WORLD sources said with the numerous power projects coming in, the problem of overcapacity may occur. While some say it is better to have more power than experience another power crisis, the overcapacity will result in higher power rates.

As such, the report said the next challenge to Napocor and the government is to have competitive power rates in the ASEAN (Association of Southeast Asian Nations) region in the next few years.

To be able to do this, Napocor is now selecting least-cost options in their expansion plans to be used for the next power development program [PDP] for 1995 to 2010. The new PDP will be presented to Congress by September. The least-cost options to be chosen are expected to effectively use Napocor's existing resources in power generation and delivery system.

In the process of selecting the options, reasonable power rates will take into account the environment and communities affected by the power-generating units. This means additional costs to the power firm as environmental equipment are costly.

With this, Napocor is asking the president to allow them to evaluate various unsolicited project proposals such as the Philippine Nuclear Power Plant (PNPP) conversion either to run on coal or liquefied natural gas (LNG), rehabilitate-operate-maintain (ROM) projects for existing thermal plants, another 300-MW Kalayaan 3 and 4 hydro plant, another 300-MW Limay combined cycle plant and upgrading of gas turbines.

Meanwhile, Mr. Viray said the Limay combined cycle Block A was able to get a mixed credit of 67.75 million Swiss francs. Another one million Swiss francs was also approved by the Swiss Government to finance the purchase of environmental monitoring instruments.

Likewise, the Napocor board approved last Monday the awarding of the consultancy services for the Transmission Master Plan Study to Power Technologies Inc./Promon Ingeniera Ltd. (PTI/Promon). Cost of the study is \$453,195.00. This is part of the Power Transmission and Rehabilitation Project funded by the World Bank.

National Oil Company Finds Geothermal Fields

BK0707083594 Manila PHILIPPINE DAILY INQUIRER in English 4 Jul 94 p 22

[Text] The Philippine National Oil Co. (PNOC) has identified 13 new geothermal steamfields in the country with potential reserves ranging from 381 megawatts to 796 megawatts.

Nazario C. Vasquez, president of the PNOC Energy Companies, said that some \$1.75 billion worth of investments would be required to develop the fields and put up the corresponding power plants.

Vasquez said that in Luzon, some 130 megawatts to 300 megawatts of geothermal power could be tapped from five frontier areas—Rangas-Tanawan, Montelago, Mabini, Buguias-Batongbuhay, and Cagua.

In the Visayas, PNOC has estimated that the four steamfields of Anonang, Mahagnao, Bato-Lunas and Cabalian will be able to generate some 138 megawatts to 271 megawatts of electricity.

An estimated 113 megawatts to a maximum of 225 megawatts of power in Mindanao could be harnessed from Mt. Parker, Amacan, Lakewood and Malindang Ampiro.

Vasquez said the exploration and development of these geothermal fields would be part of the long-term investment program of PNOC- Energy Development Corp. (PNOC-EDC) covering the years 2001 to 2010.

The PNOC official said that joint venture agreements for the construction of the power plant components of the project would likely be developed by PNOC with other independent power producers.

Vasquez said that for the medium term, starting this year to the year 2000, PNOC would invest P [Philippine pesos] 35.9 billion for the development of six geothermal fields with a total capacity of 1,060 megawatts.

The projects include the 100 megawatt Mt. Labo, 160 megawatt, Mt. Apo plant in Mindanao, 200 megawatt plant in Leyte-Cebu, 440 megawatt Leyte-Luzon venture, and the 60 megawatt Northern Negros power plant.

Vasquez said that these projects would be commissioned between July 1996 to July 1998.

So far, PNOC has developed three geothermal fields with a total capacity of 455 megawatts. These fields are Tongonan, Leyte (112.5-megawatt), Palinpinon, Negros Oriental (192.5-megawatt) and Bacon-Manito (Bac-Man) in Albay (150 megawatt).

PNOC made the shift from a developer of geothermal steamfields to a generator of power last year with its build-operate-own (BOO) agreement with the National Power Corp. (Napocor) to put up the 640- megawatt Leyte power plants.

PNOC would be investing P2.9 billion for the Leyte projects through its internally generated cash.

Thailand

Action Considered Against ASAHI SHIMBUN

BK0807041894 Bangkok BANGKOK POST in English 3 Jul 94 p 3

[Text] The Foreign Ministry is considering banning journalists from the Japanese daily ASAHI SHIMBUN from reporting from Thailand following a report alleging Thais were involved in the coup attempt in Cambodia at the weekend.

ASAHI SHIMBUN, in its July 5 edition, said 14 Thais detained in Cambodia after the failed coup were thought to be members of a Thai special force which intended to assassinate Cambodia's two prime ministers.

The report said the Thais were planning to lead armoured vehicles and 200-300 armed personnel from eastern Cambodia in the attack.

Foreign Minister Prasong Sunsi attacked the report yesterday as completely groundless, a day after the Foreign Ministry issued a statement stating the 14 Thais were civilians with no military training.

The ministry said the group was made up of tourists and job seekers lured by unidentified people into going to Cambodia with the promise they would receive higher wages than they could earn in Thailand.

Sqn Ldr [Squadron Leader] Prasong said the ministry was considering tough action against the Japanese daily including banning its journalists from reporting in Thailand.

He was confident eight of the 14 Thais, who have been under house arrest and investigation since Sunday, would soon be released.

Defence Minister Wichit Sukmak also denied the newspaper allegation.

House Military Affairs Committee chairman Athit Kamlang-ek said he did not believe the Thai military was involved in the coup bid because its only duty was to "protect the territory of the Kingdom of Thailand".

"The Thai military is not in the position to send troops to a foreign country," said the former army chief and supreme commander.

He asked the Thai media to help the military protect the country's image by making the facts known to the world community.

Gen Athit also urged authorities to take action against any foreign media outlet producing false reports.

He also urged Cambodia to release the Thais as soon as they find out they were not involved in the coup attempt.

ASAHI SHIMBUN bureau chief in Bangkok Osamu Owa stood by the report yesterday saying he did not think there was any mistake with the story.

Mr Osamu met with Army secretary Maj-Gen Chaturit Phromsakha na Sakon Nakhon yesterday who told him the report was groundless and damaging to Thailand and the Thai military.

Maj-Gen Chaturit presented Mr Osamu with a letter denouncing the report, saying it was aimed at destroying the mutual understanding and good relations between Thailand and Cambodia.

But Mr Osamu insisted he did not think there was a mistake with the report.

He said there were still some "untransparent parts in the incident and we will follow up the situation and its developments".

Mr Osamu said the newspaper had no ill-intentions towards Thailand, maintaining its reporter in Phnom Penh obtained information from "reliable sources".

He said the reporter in Phnom Penh was capable and based his story on the "reliable sources" so no attempt was made to verify the story with the Thai Government before publishing.

Mr Osamu said he knew the story had upset the Thai military and Thai Government and that he would report his meeting with Maj-Gen Chaturit to Japan.

He said ASAHI SHIMBUN would be fair in reporting further developments in Cambodia.

Maj-Gen Chaturit said he hoped the newspaper would correct the story.

Prime Minister Chuan Likphai also dismissed the report as groundless.

Mr Chuan said Sqn Ldr Prasong had reported that Thai ambassador to Phnom Penh Sakthip Krairoek had been assigned to follow up the investigation and look after the 14 Thais.

If an investigation proves there were no links between the Thais and the coup attempt, the Cambodian authorities should release them immediately, he said.

Interior Minister Chawalit Yongchaiyut said the Government may consider taking action against the newspaper if the report has damaged the reputation of Thailand.

The interior minister also said it had been confirmed that his adviser Pol Lt-Col [police lieutenant colonel] Adun Bunset, who was said to have been involved in the coup bid, was in Bangkok.

New Aspiration Party MP for Phetchabun Kaeo Buasuan said yesterday he would invite Pol Lt-Col Adun to address a press conference at Parliament soon.

Mr Kaeo said the former MP for Phichit telephoned him Wednesday night to say he was still in Bangkok.

The Phetchabun MP claimed he did not have much time to talk to Pol Lt-Col Adun but the latter had asked him to arrange a meeting with the media.

Mr Kaeo said Pol Lt-Col Adun was a businessman who dealt with foreign investors in Cambodia because he knew many senior Cambodian officials. He did not believe the former MP was involved in the coup attempt.

Thailand yesterday strongly denied allegations that nine of the 14 Thais held in Phnom Penh were members of a sharpshooting death squad or specialists in explosives, weapons and radio communications.

The Foreign Ministry's East Asian Affairs Department director-general, Don Pramutwinai, was commenting on an Associated Press report which attributed statements to this effect to Cambodian Interior Minister Yu Hokkri and First Prime Minister Prince Norodom Ranariddh.

According to the report, Mr Hokkri said the "administration" had received information that the nine were members of a sharpshooting death squad but declined to reveal the source of this information.

Prince Ranariddh quoted Chay Sangyun of the Defence Ministry as telling the Government that the nine were specialists in explosives, weapons and radio communications.

Mr Don dismissed the allegations as groundless and damaging to Thailand, and "irresponsible" on the part of the Cambodian authorities.

"We have had enough of such reports. This method (of talking to the press) is not the proper way," Mr Don said.

As has been agreed by the two governments, if Cambodia had any evidence to substantiate the allegation, it should have raised the matter directly with the Thai Government, he said.

Cambodia should think of "the goodwill of Thailand over the past decade," he said.

Mr Don pointed to arithmetic to knock down the allegations.

Quoting a report from the Thai embassy in Phnom Penh, Mr Don said six out of the 14 had already cleared themselves of involvement in the failed coup and at least three others were technicians who had travelled to Cambodia to install television aerials.

"So how can there be nine left to be accused as the Cambodian authorities have done?" he asked.

Noting that Thailand had been under attack since the failed coup, he suggested that the coup plotters might have had more than one purpose.

"They may have plotted the coup to attack Thailand," he said.

Editorials View Thai Involvement in Coup

BK0807135794

[Editorial Report] Two Bangkok vernacular dailies—*MATICHON* and *SIAM POST*—carry editorials on 8 July commenting on the involvement in the recent abortive coup in Cambodia by 14 Thai nationals.

Bangkok *MATICHON* in Thai carries a 450-word editorial, on page 2, entitled: "Thailand and the Cambodian Rebellion." The editorial says, "The Cambodian Government has every right and the power to conduct a thorough investigation into Thai involvement in last week's coup attempt. Such an investigation will clear the suspicion that the Thai military and government interfered in Cambodia's internal politics. Thailand has long been accused of supporting the Khmer Rouge. Some of the 14 suspects might have entered the country to contact their Cambodian trade partners, who happened to be the abortive coup plotters, while others knew nothing about the attempted power seizure."

The editorial notes that the Thai Embassy in Phnom Penh is duty-bound to make sure that those Thai nationals have been properly treated by the Cambodian Government, adding that "as a matter of fact, Thai entrepreneurs have maintained trade contacts with all Cambodian factions...and they are likely to become the victims if the leaders of the factions they deal with are politically defeated."

The editorial says: "Countries which dislike the Khmer Rouge can cite the latter's trade contacts with any Thai business group as Thai support for the Khmer Rouge. Such countries cannot accept the Khmer Rouge. Support for the Khmer Rouge was a thing of the past. Since Thailand is an open country, they should not have any difficulty finding evidence, if any, to substantiate their accusation."

In conclusion, the editorial notes that the Thai Government can impose a trade ban on any particular group in Cambodia. In practice, no country can effectively prevent and suppress illegal border trade. Therefore, it said that "trade sanctions are not the best solution to any political problem."

Bangkok *SIAM POST* in Thai carries a 400-word editorial, on page 4, entitled: "The 14 Thais Charged With Treason." It notes: "The abortive coup attempt made during the past weekend by a group under the leadership of Prince Chakkrapong, who is now taking refuge in Malaysia, has caused the deterioration of the relations between the Thai and Cambodian Governments to a certain extent because 14 Thai nationals were found and arrested from the house of the coup plotter."

"The issue has become big news worldwide. The Thai Government should expeditiously clear itself from the suspicion of its involvement in the abortive attempt to seize power from the Cambodian Government."

The editorial points out, "Although the efforts to bring peace to Cambodia might be back to square one again, the government should hurriedly clear itself from any suspicion with the Cambodian Government for the benefit of relations between the two countries and the fate of the 14 Thai nationals, who are being detained in Cambodia on charges of treason."

Minister Pledges To Honor Khmer Outlaw Bill

BK0807031794 Bangkok *BANGKOK POST* in English
8 Jul 94 p 1

[Text] Thailand will cease contact with the Khmer Rouge to honour the new bill to outlaw the guerrillas, which was approved by Cambodia's parliament yesterday, Foreign Minister Prasong Sunsiri said last night.

"Thailand recognises the elected Phnom Penh government. Therefore, we will have to respect its law," Sqn Ldr [squadron leader] Prasong said.

Thailand always wanted to see peace in Cambodia and hoped that the new law would not create more trouble for the country, he said.

Stressing that passage of the bill was Cambodia's internal affair, a senior Thai official said Thailand would consider official requests regarding its implementation.

"As good neighbours, we would consider the requests," said the official who requested anonymity.

Thailand would have no difficulty following such requests because it did not support the Khmer Rouge, he said.

Government sources said the National Security Council called an urgent meeting yesterday to discuss the Cambodian parliament's decision.

The meeting, attended by representatives from the Foreign and Interior ministries and the military, concluded after five hours of discussion that the outlawing of the Khmer Rouge would affect Thai security.

The Cambodian parliament's decision is expected to touch off new fighting between the Phnom Penh forces and the Khmer Rouge guerrillas.

This could spill into Thailand and lead to an influx of refugees and weapons, the sources said.

Wattana Shows Documents To Confirm Innocence

*BK0807073194 Bangkok BANGKOK POST in English
8 Jul 94 p 6*

[Text] Chat Thai Party deputy leader Wattana Atsawahem produced documents yesterday which he said countered U.S. Drug Enforcement Administration claims it has evidence to support a decision to deny him an entry visa on suspicion of involvement in the narcotics trade.

"In order to prove my innocence, I show you documents concerning the purchase of a hotel and shopping plaza in Mae Sai, and my pioneering projects as part of the economic rectangle development," he said.

The documents were in the form of three booklets entitled "Facts and Information on the Purchase of a Hotel and Shopping Centre in Chiang Rai's Mae Sai District by Wattana Atsawahem", "Details of the MP World Trading Complex in northern China", and "Wattana Atsawahem: The Pioneer of Economic Rectangle Investment".

Office of the Narcotics Control Board chief Chawalit Yotmani said on Tuesday the United States' Drug Enforcement Administration (DEA) had confirmed through US Embassy Minister-Councillor Matthew Daley [title as published] and DEA chief for Thailand Don Ferrarone that it had evidence to suspect Mr Wattana of drug-related activities.

A senior narcotics official said on Tuesday Mr Wattana was implicated by a Chinese Haw arrested in Hong Kong in May by Hong Kong police in cooperation with DEA agents.

The first booklet said Mr Wattana was approached by two brokers to buy the hotel and plaza from Mrs Saipan Tangkitphithakphon, the wife of Suphachai Tangkitphithakphon, at a price of 110 million baht. It said the MP was known as an investor interested in the Economic Rectangle Development.

The title was transferred on March 29 from Mrs Saipan to financial lenders Bangkok Finance Co and Thai Thanakon Finance Co. The project was then re-designed by Mr Wattana.

The second booklet concerned his business activities, while the third contained photographs and documents detailing his company's dealings with authorities in countries throughout the region.

Industry Minister Sanan Kachonprasat said yesterday it was up to the House Speaker whether to allow Mr Wattana 15 minutes in Parliament on Wednesday to reply to the United States over its drug allegations.

Maj-Gen Sanan said he did not think the speech would affect diplomatic and trade relations with the US because Washington would understand and was in regular contact with the Thai Foreign Ministry.

Police Deny Lacking Evidence on Car Bomb Suspects

*BK0807070794 Bangkok BANGKOK POST in English
8 Jul 94 p 6*

[Excerpts] Metropolitan Police Bureau commissioner Chaisit Kanchanakit yesterday said police had enough evidence against the suspects who were arrested in connection with a foiled plot to car-bomb the Israeli Embassy.

Iranian Ambassador Gholam Reza Yusefi said this week three alleged suspects were innocent and called on the police to provide evidence.

Pol Lt Gen [police lieutenant general] Chaisit said police had been responsible when investigating the case. [passage omitted] But Pol Lt Gen Chaisit said investigators already had all the evidence they needed which they said would be strong enough to substantiate the charges.

"We surely can bring the case to court," Pol Lt Gen Chaisith said. "Accounts of witnesses helped produce sketches of the suspects. From sketches we then had photographs, followed by arrest warrants which must be approved first. Then some people found them. They were arrested and the witnesses identified them as the true suspects. As things went like that, how could the police be blamed of carelessness?" he asked.

*** 'Secret' Excerpts of Uthai-Lambertson Talks**

*94SE0124B Bangkok MATICHON SUT SAPDA in
Thai 13 May 94 p 26*

["Some (Secret) Parts of the Conversation Between Uthai Phimchaichon and U.S. Ambassador David F. Lambertson"]

[Text] At about 1630 on 28 April Mr. David F. Lambertson, the U.S. Ambassador to Thailand, met with Commerce Minister Uthai Phimchaichon to discuss the changing of law PW.281 section 2. There two main points which they

discussed, namely, the United States wanted the changes in PW.281 to be such that they would provide protection for the businesses of U.S. citizens which had invested previously in insurance businesses and that this also apply to the investments of U.S. investors who had invested in the past and would invest in the future. After the two discussed various things.

[Lambertson] I have learned that the gist of PW.281 was changed at a meeting of the economic council. The members proposed to cut a passage from section 2 of PW.281. I have looked at this and the effect of this deletion would be that PW.281 would not protect U.S. citizens in particular under the Treaty of Friendship and Economic Relations between Thailand and the United States. In addition it might cause U.S. investors to become more concerned if this draft became law, and it would cause U.S. citizens to be unable to do business like a Thai person. In particular I fear that it would adversely effect U.S. businessmen who had been doing business here.

[Uthai] The changes in PW.281 mentioned would not affect U.S. citizens who were already engaged in business here. I insist that these changes in PW.281 are being done to keep it in line with GATT. It will retain the principle of MFN or most favored nation status. If Thailand did not do this, it would cause problems with the other countries, of which there are more than 220. You can be sure that this law will not affect U.S. investors who have invested already. I will pass this on for the cabinet to bear in mind.

[Lambertson] The insurance law of 1992 might cause the Phaisan Insurance Company to close because it would violate section 9 of the law which does not permit foreign companies to open branches. In fact the Phaisan Insurance Company has done business here for more than 20 years. This juristic entity was organized under the commercial law. At present most of the stockholders are U.S. citizens. Although their status is that of foreign citizens, nevertheless they are Americans who have been protected and should be protected under the Treaty of Friendship. In any case there was a report that if a royal decree interpreted the Phaisan Insurance Company to be a foreign entity then the businessmen running the business would, they feared, have to close their doors. This would have the effect of causing U.S. citizens to move their funds to investments in other countries. In addition the U.S. citizens who own stock in this company are influential investors of high status in the United States. If this company can continue to do business successfully, this would be an example that would cause those in other businesses to invest more in Thailand.

[Uthai] I am well aware of this situation and am trying to follow developments constantly especially with regard to the intentions of U.S. investors who might invest in Thailand. I will demonstrate clearly the rules for doing business so that with regard to the business of the Phaisan Insurance Company the effect of an interpretation by royal decree will be clear. In any case if there were an interpretation by royal decree, it would have to

be reported to the responsible units such as the Insurance Department and the Commerce Ministry. At this point the only interpretations I know about have come from from the newspapers. If there is an interpretation by a royal decree then it will go to the cabinet for consideration and there will be an explanation to the cabinet. I will take the concern of the ambassador under consideration.

[Lambertson] The head of the U.S. trade representatives, Mr. Mickey Kantor, will announce the list of countries to be retaliated against under section 301. There is not expected to be any change with regard to Thailand. He might mention that he is happy with the actions taken by Thailand.

[Uthai] I would like to know when Thailand will be dropped from the list of countries under the Priority Watch List.

[Lambertson] This depends on what is decided in Washington. Or it might depend on the copyright law which is to go to Congress and which provides greater protection.

Malaysian Embassy Denies Al-Arqam Claim

*BK0807083594 Bangkok BANGKOK POST in English
8 Jul 94 p 2*

[Text] The Malaysian Embassy in Bangkok said yesterday neither Malaysian Prime Minister Mahathir Mohamed nor any other officials had given statements to the press to imply that the Thai Government was providing training for the Al-Arqam suicide squad.

The embassy in its statement issued yesterday said it strongly denied any statements reportedly made by Thai officials which implied that the Malaysian premier had alleged that the Thai Government was involved in the training of the squad.

The embassy said that since the director of the Islamic Centre (Pusat Islam) had made a statement to the Malaysian press that the Al-Arqam was believed to have established a 313-man suicide squad with Bangkok as its training base, many reports and articles have been published by Thai dailies quoting Thai senior officials and Al-Arqam spokesman denying the allegation.

The embassy said it welcomed the denials.

*** Investment Board Chief on Burma Negotiations**

*94SE0133A Bangkok THAN SETTHAKIT in Thai
29 May 94-1 Jun 94 pp 1, 2*

[Interview with Sathaphon Kawitanon, secretary general of the Board of Investment, date and place not given]

[Text] Sathaphon Kawitanon, the secretary general of the Bol [Board of Investment], talked about trade and investment opportunities in Burma. After 4 days (15-19 May 1994) of negotiations with senior Burmese officials such as Vice Admiral Maung Maung Khin, the deputy

prime minister and president of the Burmese Board of Investment, and Brigadier General D.O. Abel, the minister of economic planning and development and the secretary general of the [Burmese] BoI, he visited industrial estates, ports, cooperatives, and historical sites in three important cities of Burma, that is, Rangoon, Mandalay, and Pegu. Mr. Sathaphon talked about his trip and the trade and investment possibilities in Burma.

THAN SETTHAKIT taped the interview verbatim so that readers can understand the investment situation and potential in Burma, a neighboring country that is looking better now that it has removed the "socialist sarong" and is ready to adjust its economic structure to a free market.

[THAN SETTHAKIT] What was the purpose of your visit to Burma?

[Sathaphon] I think that few Thai businessmen have much knowledge about the economic situation or situation in general in Burma. Only merchants along the border have much knowledge, because they trade with Burma. The rest have little knowledge about Burma. They have never been to Burma, and so they don't know what is happening there. This delegation, which consisted of approximately 50 people from 40 different companies, was the first such group. It was a very diverse group. These were not just timber merchants or fishermen. We already have experience in trading those types of goods with Burma. Some of the members of this delegation have sold goods to Burma before, but they have never been to Burma. This trip gave them a chance to see things for themselves. As the proverb says, "Seeing is believing."

Several of those who made the trip said that after seeing the economic situation there and seeing the people and other things, there are opportunities there. At the very least, initially, there are opportunities for exports. The important thing is that Burmese Government policy is more open, even though things are still not very open and even though their economic system still has problems, for example, there are still monetary problems. But they are trying to use substitute measures by printing a special currency called foreign exchange currency [FEC] with an exchange rate approximately equal to \$1. This currency is used for investors. Businessmen can open an account in a hard currency and exchange currencies. This currency fluctuates according to the market. Recently, it has been around 100, plus or minus 20. This is a temporary measure that will help create revolving capital. This is because the official exchange rate of 6 kyat to the dollar really doesn't reflect reality. But the exchange rate of the new currency is about 100 FEC to the dollar. This rate, with a fluctuation of plus or minus 20, is more in line with reality.

[THAN SETTHAKIT] What do you think about investment opportunities in Burma?

[Sathaphon] Based on what we saw, we think that there are now more investment opportunities than before.

Things have improved. But are things as good as in other developing countries? There is still much control. Looking at the countries that are investing there, among the ASEAN countries, it must be admitted that Singapore is now playing a rather large economic role in Burma. Singapore is now building at least two 150-room hotels in Rangoon. When we went to Mandalay, we learned that the government hotel was built by Singapore. We also found that China is playing a rather large role there. China is giving about \$50 million a year in aid to Burma. They plan to build bridges and will build routes to the sea here. Large quantities of Chinese goods can be found there. From talking with several businessmen, I think that we are still doing things the old way, that is, we continue to rely on border trade, which has both advantages and disadvantages. If they open up more, we will have to make adjustments and turn more toward what is called an official system. This is because more and more competitors of ours are starting to do business there, and they are using the official system. In the end, Thai goods will encounter problems if we ignore this and just keep trading as we are doing now.

What is clear is that Burma has a rather tough policy concerning natural resources, the export of raw materials, and concessions. This is rather complex. Take timber and fishing, for example. They want to increase the value. Thus, in the near future, it is thought that they will implement stricter measures and forbid trading in unprocessed timber or logs. They have already imposed certain restrictions. They want to build a timber processing industry. As for fishing, they want to develop an agricultural products processing industry, a refrigeration industry, and so on. We must monitor these trends. Because unless we make changes, others will build factories and engage in business, and we will lose the opportunity to obtain raw materials.

Another of Burma's policies is to step up exports in order to obtain foreign currency. They told us that they are not in any hurry to develop. They would like to develop gradually rather than let everyone in all at once. But based on their standards, from what we saw, there have already been great changes.

As far as our policy is concerned, I think that we want to have closer and more systematic economic relations with them. Border trade has created problems for both sides. We must look at things from the standpoint of investment. There are many more possibilities besides processing and minerals. There are various factory goods that they would like to have. We saw that there is purchasing power in Burma. From the outside, you cannot see this purchasing power. We saw that living conditions in Burma are better than we had thought. This shows that what we refer to as the hidden economy, or economy that is not within the system, is rather large. The people do have purchasing power. We must quickly think of ways to exploit this.

As for exports, wages are approximately 15 baht, or about 70 kyat, a day. This will result in certain goods....

If we can't adjust the production cost base in Thailand, we may be able to find a way here. As for consumer goods and building materials, there is still much purchasing power. But the government is rather strict. We told them that it will be difficult to build an export industry immediately. It has taken Thailand almost 15 years to build its export industry. You can't simply stipulate that people are to export goods and expect them to be able to comply. There are transportation and communications problems. Road, air, and water transportation all have problems. It will take time to solve these problems.

[THAN SETTHAKIT] When you met with Vice Admiral Maung Maung Khin, did you discuss Thai investment directly?

[Sathaphon] Based on our conversation, they do not have a direct policy for us. But he said that they would give priority to neighboring countries. This probably refers to the ASEAN countries, too. He also said that Burma needs to learn many things and must move slowly. They will not rush things. They must study many things because of their lack of knowledge. Examples are a foreign tax treaty and an investment protection treaty. They also want time to study the effects, and, as I said, they want export industries. At the same time, they want people to come help the state enterprises, which are losing money. These are some of the things that the deputy prime minister told us.

As I said at the beginning, we don't know very much about Burma. I think that people in both the public and private sectors need to do their homework and study the data on the various systems, because the systems here are highly-controlled systems. Everything is controlled at all times. Thus, if we fail to understand the nature of things here, it may be very difficult for us to work here. The economy is controlled rather tightly. Pressing in one spot means pressing in many other spots. There are many monopolies. For example, the salaries of government officials are very small. What they do is have the state enterprises help government officials. Quotas are given to government units. The state enterprises allow them to supplement their incomes. We had a similar system several decades ago. We understand this, because we are familiar with that system. In my view, the Burmese can be quite frank. In discussing problems with businessmen, they were quite frank. They did not twist things. Problems may have arisen because we did not understand some of their problems. But from the standpoint of commitment, they are trying. It will take time to get people to understand the economic policy and transmit this to all the ministries. There are also differences between those who formulate policies and those who actually implement things. We must do our homework on this. But what is clear is that there are resources and people and so it should be possible to do something. Failures can be viewed as opportunities.

[THAN SETTHAKIT] Which industries will be given special emphasis?

[Sathaphon] Their investment policy has opened up several things. For example, people can own shares directly. They are focusing on exports. They have waived taxes for 3 years. Other conditions are open to negotiation. I think that they would like us to help revive their state enterprises. Most of those are small and outmoded enterprises that are losing money.

There is one thing is becoming a formula for socialist countries that are transforming themselves into capitalist countries or turning to a market system. China, Vietnam, and Laos are all emphasizing the need to transform their state enterprises. But it's difficult to say how much they will be able to do, because the state enterprises are different. They differ in terms of the political base of the heads of the ministries. Businessmen will have to do their homework on this. We must do our homework, too.

[THAN SETTHAKIT] Did the Bol receive any special requests?

[Sathaphon] They want to cooperate with us fully. They want us to help select the Thai investors that will operate in Burma. We are prepared to do that if they want us to. Burma has been publicizing investment in many places. But they were rather late in coming to Thailand. They have gone everywhere else, such as Indonesia, Singapore, Malaysia, Korea, and even Japan. We were last because of the political problems. They are rather sensitive about these political problems. We have problems that could affect politics there. Thus, we were last on their list.

Politically, we adhere rather strictly to the policies of the Ministry of Foreign Affairs. We will not do anything using force. When the foreign affairs minister visited Burma last month, we sent people with him. We rely mainly on the embassy. If we can coordinate other things, we will coordinate politics. We have to follow the government units. We can't follow a separate path, and the Ministry of Foreign Affairs wants to increase cooperation with Burma.

Vietnam

Lao Party Delegation Arrives on Official Visit

BK0707145894 Hanoi VNA in English 1403 GMT 7 Jul 94

[Text] Hanoi VNA July 7—A delegation of the Office of the Lao People's Revolutionary Party Central Committee led by Thongsavat Khaikhamphithoun, member of the party Central Committee and head of the office, has arrived here on an official visit.

While here, the delegation was received by Dao Duy Tung, member of the Politburo member of the Communist Party of Vietnam [CPV] Central Committee (PCV CC) [as received]. Mr. Phan Dien, member of the CPV Central Committee and head of its office, and his Lao counterpart signed a memorandum of understanding on

the cooperation between the two offices. The memorandum includes the exchange of experience and information and mutual assistance in training personnel in office work.

After Hanoi, the Lao delegation will visit Thua Thien-Hue, Ba Ria-Vung Tau and Ho Chi Minh City.

Quebec External Relations Delegation on Visit

BK0707150594 Hanoi VNA in English 1417 GMT 7 Jul 94

[Text] Hanoi VNA July 7—A delegation from the External Relations Ministry of Quebec, Canada, led by Deputy Minister Andre Dorr has been here since July 3 for a working visit to Vietnam. The delegation also includes businesspersons representing a number of major firms in Quebec.

Deputy Minister Dorr and vice chairman of the state committee for cooperation and investment, Mr Nguyen Mai, chaired a regular meeting in Hanoi yesterday of the Vietnam-Quebec joint working group. At the meeting both sides reviewed the results of their cooperation in the past year in the fields of personnel training, transport and communications, energy, banking and administration reform.

They agreed on steps to push ahead the implementation of some projects, and worked out the orientation and programme of cooperation in the coming time.

Earlier the Quebec delegation had working sessions with several Vietnamese branches and agencies concerned. It also called at some economic establishments.

The Canadian guests left here today for Ho Chi Minh City.

*** Minister Comments on Foreign Investment**

942E0059A Ho Chi Minh City TUOI TRE CHU NHAT in Vietnamese 17 Apr 94 pp 6, 7

[Article by TUOI TRE correspondent Nguyen Tran: "Five Years of Foreign Investment in Vietnam—Problems To Be Solved To Promote Development"]

[Text] As of mid-March 1994, 895 foreign investment projects had been licensed for operation in Vietnam, with a total registered capital of nearly \$8.5 billion, most of which concentrated in industry (54.5%), hotels and tourism (11.8%), services (12.9%)....

According to appraisals by the State Commission for Cooperation and Investment [SCCI], the pace of foreign investment inflow has increased fairly quickly. Between 1988 and 1992, it increased at an average annual rate of 51.6%. In 1992 in particular, it equaled 70% of the total amount received during the four previous years. In 1993, it went up by 40% over 1992.

Next to these results, there still are weaknesses and shortcomings in foreign investment-related work, which

were brought up at a conference on Vietnam's experiences in foreign investment held in Bien Hoa on 12 and 13 April 1994.

At the Conference to Review Foreign Investment in the Past Five Years (which took place in Bien Hoa City on 12 and 13 April 1994), after hearing Vietnamese delegates make suggestions and proposals concerning various problems, the minister and SCCI chairman expressed his views in reply. As many delegates put it, his opinions were tantamount to a solution to those problems, a solution aimed at promoting development on a larger scale. Following is a summary of Minister Dau Ngoc Xuan's statement by a TUOI TRE correspondent:

Formalities are troublesome because they are linked with fees

Generally speaking, our Law on Foreign Investment is attractive, but the formalities are too troublesome. Nowadays, Vietnamese as well as foreigners are complaining that the formalities concerning visas, licenses, land, building, the customs, import and export... are too complicated and costly.

Let me cite a few examples: The Foreign Ministry announces that the fee for a visa is only \$25, but every foreign investor says that it has cost them \$70 or \$80. Some hotel construction plans were subject to 16 examinations before they were approved. The ways officials used to find fault with these plans were unjustifiable. For instance, they criticized investors for buying one kind of lock instead of another kind. Why such nit-picking when it is their right to buy whatever they wanted? In an investment project, the plot on which the project is to be located and its size are always clearly stated.... Once the state has approved the project, this means that it has also approved the use of the plot. Subsequent allocation of the plot is merely a formality; yet, in many cases, investors have had to wait for a whole year without being issued with a land use permit!

Such formalities have become corrupted customs, but they cannot be corrected yet because they go hand in glove with fees. The more formalities, the more fees. Some formalities are established by the central echelon, but many of them are "created" by the lower levels. Each "creation" produces a new kind of fee. To simplify the formalities is to reduce the fees; so, who would go along with that?

In the past, in foreign countries they said that it was cheap to invest in Vietnam, but now they say that it is only cheap on paper. In reality, if all the "unofficial" fees are added up, it is no less costly to invest in Vietnam than in some of its neighboring countries. A foreign company sent the SCCI a list of fees. I counted and found that there are up to 120 kinds of "unofficial" fees, three times as many as the official ones.

Will anyone who has land automatically become a director of a joint venture?

Foreigners are grumbling that our land rent is high. They compare it with the rent in China. I visited China to study this problem, and I found out that their views on foreign investment are different from ours. Many localities in China set the prices of land equal to the cost of building infrastructure because they believe that what they gain from foreign investment is the transformation of a backward rural area into a modern industrial zone and the creation of new products and new productive forces. As for us, we want more than that. And this is causing disadvantages. In fact, our high land prices are no cause for concern for many projects using little land, but they have created the bad impression that our investment environment is not good.

Most of our land is used as capital contributions. This has given rise to a state where anyone who has land will become an investment project owner, will sit on the council of administrators and the board of directors... whether his or her ability is suitable for these positions or not. Review foreign investment projects in our country and we will see many funny things. People can do anything they want, whether they have the necessary professional knowledge or not: a marine product specialist engaged in afforestation, people who knew nothing about hotels opened hotels.... In Hanoi, the Tay Lake fishing unit ran a sports and physical education project. In Haiphong, a marine product unit applied for the launching of a forestry project....

We have said again and again that such projects should be turned over to those Vietnamese partners who have good professional knowledge, but they would not listen. This is understandable. Working in joint ventures with foreigners, they make hundreds of dollars a month and can visit foreign countries regularly. Who would give up such perks voluntarily!

For us, cooperation in investment is a novel experience. Our lack of experience and information, coupled with our lack of professional knowledge, will certainly cause us substantial losses. Our mistakes have been legion: We bought too old equipment at exorbitant prices (recently, the SCCI asked the SGS Company of Sweden to check some pieces of equipment; the company found out that none of them was bought at the right price, and that every one of them cost tens of percent more than they should); we allowed foreign countries to control both the output and input, therefore the foreign countries reaped profits while our joint ventures suffered losses; we agreed to let foreign countries lend money at interest rates that were too high.... Foreign investors are like a Class A soccer team while we are only a barefoot team, thus our defeat was never in doubt. The problem is that we must select our players, who, if not of Class A, should be at least of Class B, so that we can lose with the smallest possible difference in the score.

I think that most of our joint ventures belong to the state sector. State enterprises are public property; for this reason the state is fully empowered to appoint its cadres. In the near future, the government will stipulate that

those who have land will only receive a share of the profits; as for the management of joint ventures, the state will appoint people depending on the suitability of their standards.

Directions to follow in resolving problems

Investors have complained about extreme slowness in the granting of investment licenses and construction permits. There are numerous reasons for this: We still lack planning; our regulations are not specific enough, with some overlapping the others.... The government has detected many problems and has entrusted various ministries with the task of working out policies to resolve them.

I would like to cite some of the directions to follow in making changes:

- Project design examination is usually a "slow" process (the Project Design Examination Council is composed of up to 18 members, while the Project Examination Council has only seven members; but even with such a limited membership, the latter still has many different views). In the past, there was a great many points to be considered in the examination of a project design, but in the future, examination will be focused on three points: architectural design, which must be suitable for the environment; durability of the project; and environmental protection and fire prevention.
- The land policy for foreigners will be a policy of renting. Because their land is rented property, foreigners will be exempt from land tax. We must pay compensation; in case a foreign country advances capital for use in land clearing, this capital will be calculated as its capital investment.
- The trade union statutes will be clearer, with the duties and powers of trade unions being defined more clearly to put an end to the current "ambiguities" which have led foreigners to believe that trade unions are a "party organization," thus causing them to feel uneasy. The wage regulations will also define the minimum wage as the lowest pay applied to simple, unskilled labor....
- An issue that has attracted many suggestions is that the issuing of investment licenses should be sped up by decentralizing this task. However, whether this task should be decentralized or not still depends on the decision of the National Assembly when it meets (this is because the Law on Foreign Investment has stipulated that SCCI is the agency that issues licenses for and manages foreign investment projects).

On this occasion, I would only like to provide some information about China's experience: Every year China has to issue from 12,000 to 15,000 licenses; for this reason, decentralization is necessary. But China is being faced with difficulties that are hard to solve:

- The structure of professions is in a chaotic state: There are no less than 200 automobile-assembling establishments, and every province assembles television sets.
- More serious still, localities compete with each another to attract customers and practice dumping, thereby inadvertently hurting China instead of promoting competition among foreign investors for the benefit of the host country.

For its part, the SCCI is still continuing to restructure the licensing process to speed up this work. We are systematizing the projects that have been licensed to lay down project standards for each profession, and we will publish these standards. Investors who comply with these standards will get their licenses immediately. It took the Tan Thuan export processing zone only 10 days to consider and license an investment project because it already has such standards for use.

Cheap Labor Attracts Influx of Foreign Investors

BK0807100594 Hanoi Voice of Vietnam Network in Vietnamese 0500 GMT 8 Jul 94

[Text] At present general labor costs in Vietnam are far cheaper than in many other countries such as Indonesia and the Philippines. This is one reason for the rush of foreign investors to our country's market in increasingly large numbers. However, there are indications that labor costs in Vietnam will increase rapidly when compared with other countries in the region. However, according to foreign investors, this is not one of their major obstacles.

A number of complicated and inconvenient procedures adopted by various local employment offices have caused untold difficulties to investors. The imposition of high taxes on worker income; limited capabilities, output, and worker quality; and the poor management system in Vietnam have also been factors contributing to these difficulties. Investors need time to overcome these difficulties. According to incomplete statistics, 60 percent of foreign companies were forced to bring in their own personnel for use due to personnel constraints.

President Le Duc Anh Visits Hoa Binh Province

BK0707151594 Hanoi Voice of Vietnam Network in Vietnamese 1100 GMT 7 Jul 94

[Report by correspondent Truong Cong Hoa on the 6-7 July working visit by President Le Duc Anh to Hoa Binh Province—portions recorded]

[Summary] President Le Duc Anh first visits the Hoa Binh Hydroelectricity Plant, the power source for the 500-kilovolt north-south power line. Speaking to cadres, experts, and workers of the plant, the president compliments them for their past achievements. The president then visits some farmer families in Nam Phong Village, Ky Son District, and Hmong families who resettled in

Long Ho, Da Bac District. He reminds all people to always pay more attention to education for children and avoid deforestation.

At a working session with the Hoa Binh provincial party and administration officials, "President Le Duc Anh hails the efforts of the party organization, administration, and people of Hoa Binh in the past. He also stressed that those results reflect the renovation policy initiated by the party and deployed by the local party organization and administration." He also stresses the importance of forest and environment protection, particularly for the long-term survival of the Hoa Binh Hydroelectricity Plant. He said:

[Begin Le Duc Anh recording] "Forest protection tasks in Hoa Binh have a great impact not only for the province but also for the whole country. The Da River Hydroelectricity Project will have its longevity extended and effectively serve our country's industrialization and modernization only if the forests here are well protected." [end recording]

"Also during the visit to the Hoa Binh Hydroelectricity Plant, Comrade Le Duc Anh holds a working session with the leading comrades in the energy sector and listens to reports on the production situation and on the development of the sector in anticipation of the upcoming Central Committee Eighth Plenum. President Le Duc Anh gives his comments on the issues of power source development, uniform nationwide power planning, electricity usage fees, and loss prevention in power use after listening to Energy Minister Thai Phung Ne and other officials concerned. They reported on the power production situation and power supply at present as well as plans until the year 2000 for the design and construction of the 500-kilovolt north-south power line, the construction of the national power network, and on the electrification of rural areas. President Le Duc Anh reminds that the development of the national electricity network for rural and mountain areas is desirable and important, but it also requires careful consideration of the efficiency of projects. The existence of medium- and small-sized hydroelectricity projects or small electric generators, which could be more efficient when used adequately than the mainstream national power network, must be taken into account. Priority should be given to people in resettlement areas in mountain regions. The president also stresses that the power sector should strive to avoid immense a disparity in electricity usage between urban and rural regions."

Government Provides Budget Guidance to Provinces

BK0807101194 Hanoi Voice of Vietnam Network in Vietnamese 2300 GMT 7 Jul 94

[Text] In compliance with a resolution adopted by the National Assembly following a monthly government meeting in June, the government met with leaders of northern provinces—from Thanh Hoa northward—in

Ha Long city of Quang Ninh Province from 5 to 7 July to discuss key tasks to be carried out in the last six months of the year.

Prime Minister Vo Van Kiet and Deputy Prime Ministers Phan Van Khai and Tran Duc Luong took turns presiding over the meeting.

Participants spent a great deal of time exchanging views and discussing measures to coordinate operating guidance between central and local levels to manage and mobilize funds for the budget, to increase more sources of revenue for each locality and domain, to strictly practice thrift, and to fight corruption and smuggling.

Participants agreed with the government's operational guidance for the entire region and for each province in an effort to overcome existing difficulties and to maintain stability and development.

Addressing the meeting, Deputy Prime Minister Phan Van Khai reminded the leaders of the northern provinces, cities, and central sectors about the tasks to be done immediately after the conference, which consist of carrying out more satisfactorily the resolution on administrative reform, ensuring the norms for increased budget revenue collection, and practicing thrift.

In his closing speech, Prime Minister Vo Van Kiet emphasized the responsibility of various sectors and echelons in the fields of managing state property, fighting to prevent tax collection shortfalls and wasteful use of other assets, renovating administrative procedures, fighting corruption and smuggling, and preventing and controlling social vices. He also discussed questions regarding socioeconomic development in mountainous areas, especially the question of enhancing discipline among various administrative echelons and state organs in a bid to implement those laws, directives, and resolutions already in force.

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